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USSR Report

CONSUMER GOODS AND DOMESTIC TRADE

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USSR REPORT
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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

RETAIL TRADE PERFORMANCE, PLAN FIGURES ASSESSED

Moscow SOVETSKAYA TORGOVLYA in Russian No 2, Feb 86 pp 2-5

[Unattributed article: "Trade in the First Year of the Five-Year Plan"]

[Text] Our country has entered on a new period of building communism, one of the most important tasks of which is to accelerate socioeconomic development. A large role in resolving this, as provided in the draft of the Main Directions for the Economic and Social Development of the USSR for 1986-1990 and the Period up to the Year 2000, is given to the 12th Five-Year Plan and to its first, startup year - 1986, which opens up a wholly new stage in the development of Soviet society.

The draft of the new edition of the CPSU Program states that it is a task of priority importance to fully meet the growing demand of the public for all types of high-quality consumer products -- foodstuff, well made and good looking clothing and footwear, furniture, cultural items, sophisticated domestic equipment, and products for household use. Given the steady growth in personal income, there must therefore be an increase in retail goods turnover, and continual improvement in its structure.

In the 11th Five-Year Plan the volume of retail goods turnover in the country's government and cooperative trade increased by nearly 44 billion rubles, in comparable prices. In 1985 the sale of all types of goods, excluding alcoholic beverages, grew by more than 13 billion rubles, or 5 percent.

In the past year the public was sold goods in the amount of 1,168 rubles per capita, versus 1,019 rubles in 1980, or 14.6 percent more. The sale of goods to the rural public increased at a particularly high rate. The growth rate there was twice that of the sale of goods in cities.

Measures undertaken by the party and government to increase the production of consumer products, expand their selection, and improve their quality have made it possible to more fully meet the demand for many of them. The number of goods in short supply on the market has been substantially reduced. As a result, the public has been considerably better supplied with all types of non-food products, especially cultural and domestic items, and the consumption has increased of most foodstuffs of high nutritional value. The ratio of non-food items in the total volume of retail goods turnover in the country's government

and cooperative trade grew by about 50.5 percent, versus 49.2 percent in 1980. The proportion of cultural, domestic, household, and production-equipment goods in the sales volume of non-food items was over 37 percent.

The country as a whole fulfilled by 100.8 percent the plan set in 1985 for retail goods turnover without supplemental tasks. But trade organizations did not do everything to carry out goods turnover with supplemental tasks. Many trade organizations did not obtain from industry complete fulfillment of their obligations to supply goods needed by the public.

The total volume of the plan for retail goods turnover was fulfilled by the Belorussian, the Lithuanian, the Armenian, and the Estonian union republics, and by Moscow and Leningrad.

In the 11th Five-Year Plan goods turnover in the public catering industry increased by 3.5 million rubles in comparable prices, or by 14.1 percent. The industry's output of items grew by 3.2 billion rubles in this period, or by 19.7 percent. The per capita increases were 110 rubles and 115 percent. In 1985 the services of public catering enterprises were utilized by 123 million persons (by 100 million in 1980). Primary attention was given to rapid development of dining halls for feeding people at work and school, where the network grew in the five-year plan by 2.8 million places, or more than 20 percent. During the 11th Five-Year Plan the overall network of public catering enterprises increased by 3.3 million places. As of the beginning of 1986 the country could count 330,000 public catering enterprises of various types, which could simultaneously accommodate 20.5 million persons. During the 11th Five-Year Plan there were substantial advances in developing the material and technical base of retail and wholesale trade. The "rear" sectors significantly increased warehouse floor space. General-goods storage space of 2,302 million m^2 was put into service, which was double what the plan originally provided for. The volume of distributor refrigerators increased by 221,000 tons, and the "trade" sector's plan for putting them into service was fulfilled by 111 percent. Plan tasks for adding storehouses for potatoes, vegetables, and fruit were also considerably overfulfilled, and the volume of simultaneous storage by these increased by 725,000 tons in the five-year plan.

At the end of 1985 the network of shops in government trade was supporting the public with 173 m^2 of floor space per 1,000 inhabitants. During the five-year plan their commercial floor space increased by 3.4 million m^2 . This resulted in the rapid development of such advanced types of trade enterprises as self-service stores, department stores, houses of trade, special shops for the sale of cultural, domestic, and household products, and articles of light industry and of technical and artistic production.

In the five-year plan the commercial floor space of self-service stores increased by 800,000 m^2 , in place of the 695,000 m^2 in the plan. The ratio of this type of store in the total commercial floor space of food stores more than doubled relative to 1980.

There was a considerable growth in the network selling non-alcoholic beverages. Many stores and public catering enterprises that had previously sold alcoholic beverages were converted to the sale of fruit- and mineral waters, ice cream, and confectionery and culinary items. In the current year alone about 1,500 new culinary stores and departments have been opened.

To provide greater convenience to the public there has been further development of the network of stores and departments selling food stuffs that take orders in advance and deliver them to homes and places of employment.

The network of specialized stores that sell clothing, furniture, electrical goods, and various other non-food items grew by 5,800, and their floor space increased by 1.2 million m^2 .

Special attention was devoted to the development of stores selling items for children, and to opening large specialized stores in cities to sell items for young people. In just the final year of the 11th Five-Year Plan 45 stores were opened that sell items for children, which means that the number of them increased by 26 percent.

Along with expansion of the retail trade network, there has been steady improvement in the procedures of selling goods, and new methods and forms of serving the public have been adopted. As of the end of 1985 the sale of goods by the self-service method in government trade stores reached 58 percent of the total volume of retail goods turnover. The advanced technology is being vigorously introduced of moving goods by the use of special containers [tara-oborudovaniye], which are now employed in more than 10,000 self-service stores.

Further development of this advanced method of goods supply and improving its effectiveness in the five-year plan now beginning will facilitate a broad range of measures to ensure the packaging and industrial wrapping of consumer products, and expand the production of the packaging materials needed for this.

For the 12th Five-Year Plan and for the long run specific amounts have been determined for the production of foodstuffs and a number of non-food items in light wrapping, and for the production of light-industrial goods in packaged form. Tasks have been assigned for the wrapping of foodstuffs at enterprises of government and cooperative trade. Steps have also been determined for the production of new and contemporary packaging materials and for the improvement of package design for consumer products.

As a result of increasing the output of packaged goods, a number of measures are to be taken begin this year to further mechanize labor in the sector by the introduction between 1986 and 1990 of advanced technology for moving goods in wholesale and retail trade and in industry.

In conformity with the scientific and technical program developed, there will be introduced in 85 of the country's cities advanced technology for moving goods with the employment of special containers in trade, industry, and motor transport, and industrial complexes by employing standard sizes and containers.

This advanced system will be established in virtually all union republics, and in the future will be universally adopted.

It is essential to promptly assign to the trade organizations and enterprises carrying out this scientific and technical program the appropriate tasks and stages for conducting their work, and to give them priority support with the required material resources and funding. Continual monitoring is needed of work to improve preparations in conformity with the program of commercial enterprises to obtain goods in special containers, and the program of public catering enterprises to adopt industrial systems by utilizing standard sizes and containers. When concluding agreements with industrial enterprises provision must be made for specific volumes of deliveries to the commercial network of wrapped goods in special containers, and for annual increases in these deliveries.

The state plan for economic and social development of the USSR in 1986 sets the volume of retail goods turnover of government and cooperative trade at 342 billion rubles. Its growth in comparable prices relative to that attained in the final year of the 11th Five-Year Plan would be more than 11 billion rubles, or 3.5 percent. Beginning this year the overall volume of goods turnover in the plan does not include the production of alcoholic beverages.

The plan provides for an increase of goods turnover, not counting the production of alcoholic beverages, of 5.8 percent, compared to 5.0 for 1985.

The highest rates for the development of goods turnover have been set for the trade organizations of Georgia, Turkmenia, Azerbaijan, Kirgizia, and Armenia. Accelerated growth rates for retail goods turnover have also been set in conformity with the plans for economic development of areas of Eastern Siberia and the Far East.

The increase in the development rates of goods turnover for 1986 calls for constant daily attention to ensure that trade resources meet the public's demand.

The Comprehensive Program to Develop the Production of Consumer Products and the Services Area for 1986-2000, which was adopted by the CPSU Central Committee and the USSR Council of Ministers in September 1985, and the USSR Food Program provide for expansion of deliveries to the trade industry of a variety of non-food items and foodstuffs needed by the public, and for improving the quality of the goods produced. Proceeding from these documents and the tasks set in them for improving the production of goods, trade organizations and agencies administering trade at the Center and in localities must obtain from industry the very rapid accomplishment of practical steps for radical improvement in the selection of goods, and the production of well-made articles with high consumer appeal and technically up to date, and in quantities sufficient to fully meet the public demand. Wholesale and retail trade organizations must increase control over the quality of goods and their timely delivery to the trade industry in the appropriate assortment.

The tasks approved in the Comprehensive Program for the Production of Goods have been set as the minimum. The main attention of local agencies

administering trade and of wholesale organizations must therefore be the creative search for additional trade resources to more completely support goods turnover in 1986. There must be greater use of the capabilities of the food sectors of the agro-industrial complex, and of local industry, particularly to increase the output of unsophisticated items of cultural, domestic, and household use, artistic articles, musical instruments, and other goods needed by the public, including making greater use of local raw materials and the byproducts of industrial and agricultural production.

In accordance with the decree of the CPSU Central Committee and the USSR Council of Ministers "On Steps for Further Development of Local Industry in 1986-1990 and in the Period up to the Year 2000", the output of consumer goods at local industrial enterprises should be increased by at least a factor of 1.3 in the 12th Five-Year Plan.

There must be continual work with industry to develop and increase the output of new and fashionable articles, and to develop in the cities networks of stores of high-fashion items. Local agencies administering trade must step up control over the work of factory outlets, which should study the attitude of customers to new items, determine the volume of demand for them, deal with publicizing and advertising them, and influence production in order to increase the output of goods in demand. The activities of individual factory outlets must not be allowed to take on a purely commercial nature, or to aim at trade in items in short supply. Consequently the plans set for the retail goods turnover of factory outlets must not push them toward that.

This year in particular, in connection with measures aimed at improving the technical level and quality of radios, recorders, and players, localities must ensure that the sale to the public of sophisticated radioelectronic equipment for the home is organized only through factory outlets of the enterprises that manufacture it, or through specialized stores or the local trade departments of department stores. Provision must be made for proper pre-sale preparation of the items produced, demonstration of their operation, and offering of a broad range of services to the customers -- home delivery and installation, etc.

Extending various kinds of services, including credit on installment for customers at stores and department stores, is an indispensable condition for further improving the quality of commercial services to the public. In the coming year services must therefore be developed at a high rate. In carrying out the Comprehensive Program to Develop the Production of Goods and Saturate the Market With Them a large role is allotted to the wholesale sector. Wholesale organizations must wholeheartedly, with great skill, and unfailingly get industry to produce the goods needed by the public, and continually keep it informed of any changes occurring in the consumer markets. For this it is essential to improve the work of studying and predicting consumer demand, and promptly pick up any changes noted in it. The ministries of trade of the union republics must ensure precise coordination of the consumer-demand survey work of wholesale and retail trade organizations and of the branches of VNIIKS .

The shortage of warehouse space in wholesale trade is becoming more acute in

connection with the growing volume of goods. Strengthening and developing the material and technical base of the wholesale sector, mechanizing warehouse operations, and more rational utilization of existing warehouse floor space should therefore be a matter of constant concern to the ministries of trade of the union republics.

Without constant attention to these matters we cannot ensure the required concentration of stock, improve the subdivision of goods for the retail network and manipulation of them, or successfully adopt the advance system of supplying stores with goods by the use of special containers.

In Accordance with the decree "Measures for Further Development of the Material and Technical Base of Trade and Public Catering in 1986-1990 and the Period up to the Year 2000," which was adopted by the CPSU Central Committee and the USSR Council of Ministers on 5 August 1985, the total amount of investment in government trade from all sources of financing will increase in 1986 by 17 percent relative to 1985. At least half the volume of investment must be targeted for the reconstruction of existing enterprises. In accordance with the tasks set for the current year, distributor refrigerators with a capacity of 40,000 tons are to be put into service, and also general-goods warehouse with 255,300 m² of floor space and employing advanced warehousing and storage technology to ensure more effective utilization of the capacities of storage facilities. The commercial floor space of stores in government trade will increase by 650,600 m².

In this period the industrial ministries that manufacture consumer goods will open 92 factory outlets. The tasks have also been assigned of expanding the network of stores and bases dealing in lumber and construction materials, stores and departments to sell semifinished goods, culinary and confectionery items, mail-order firms, and glassware bases to expand the system in cities for centralizing the availability of glassware for the public. Development of the retail trade network must be combined with energetic introduction of advanced forms of servicing that are convenient to the public and by mechanization and automation of commercial processes.

Developing kolkhoz markets must also be a matter of constant attention to local trade administration agencies. In the coming year the number of stalls at kolkhoz markets and market pavilions must be increased by almost 5,500.

A large program has been defined for the first year of the new five-year plan to develop public catering, improve the product mix of the items produced by its enterprises, improve the quality of the food prepared, and increase sales to the public of semifinished articles and culinary products and reduce the sale of alcoholic beverages in their turnover.

Proceeding from this, it is essential to complete the work of converting public catering and retail trade enterprises that formerly sold alcoholic beverages to the sale of juices, non-alcoholic beverages, ice cream, fruit and fruit products; to ensure broad development of the network of coffee- and teahouses, outlets for snacks, pelmeni, pirozhki, cheburki, and other fast-food enterprises.

In 1986 provision has been made for public catering enterprises to produce

items of its own in the amount of 19.9 billion rubles, or an increase of 2.6 percent relative to 1985. The total goods turnover for public catering in the plan is 28.4 billion rubles.

The program set out in the plan for developing the public catering industry requires complete and prompt fulfillment of the tasks of putting into service new facilities for its material and technical base, intensive reconstruction of existing enterprises, and a restructuring of this important sector to industrial methods of preparing food. The network of enterprises working with semi-finished articles at a high stage of readiness must be increased by 540,000 places.

The network of public catering enterprises at industrial plants is to be increased this year by 245,400 places, and by the end of the 12th Five-Year Plan the number of them is to reach the established norm.

Urgent tasks have also been set this year to develop the network of dining halls at higher and intermediate special educational institutions and at general-education schools. The network of public catering enterprises open to the general public will increase by 105,200 places.

To successfully fulfill the program set out in the plan for developing the material and technical base -- of this important support base in 1986 for the assigned growth rate of retail goods turnover -- it is essential in the first months to completely utilize the allotted limits of investment targeted at the construction, reconstruction, and technical reequipping of enterprises, and especially to improve the utilization of the five-percent deductions from capital investments allotted for the construction of housing. Credits from USSR Gosbank and USSR Stroybank [All-Union Bank for the Financing of Capital Investments] should be enlisted for above-plan construction of commercial facilities. There must be constant monitoring of the delivery to enterprises being built or reconstructed of technological, materials-handling, and other equipment, and of spare parts for it in conformity with industry's obligations to deliver it.

There must also be continual monitoring so that the technical solutions adopted in construction projects for commercial enterprises are in accord with the latest advances in scientific and technical progress, and so that what is obsolete is replaced in due time.

Accomplishment of the measures provided for in the plan for the development of trade in 1986 calls for improvement in the organization and accuracy of work in all the sector's components. One of the most important trends in that work is to further improve the management of the activities of commercial enterprises and organizations.

A broad-scale experiment will therefore be conducted this year to expand the rights of the agencies managing government and cooperative trade in the Belorussian SSR, and of the organizations and enterprises subordinate to them, in their planning and economic activities, and to increase their responsibility for the end results of their work.

The plans set for 1986 are urgent. Every work collective of the sector, and every one of its workers in his own area must conscientiously and with a great sense of responsibility do everything to successfully fulfill plans for developing trade, and take a giant step in the first year of the five-year plan to carry out the Main Directions for the Economic and Social Development of the USSR in 1986-1990 and the Period up to the Year 2000.

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CONSUMER GOODS PRODUCTION AND DISTRIBUTION

PROJECTIONS FOR GROWTH IN GOODS PRODUCTION SURVEYED

Moscow SOVETSKAYA TORGOVLYA in Russian No 2, Feb 86 pp 6-7

[Unsigned article under the "From Congress to Congress" rubric:
"Facts and Figures"]

[Text] In the course of fulfilling the decisions of the 26th CPSU Congress, a new step forward in all directions of economic and social development has been made. The economic potential of the USSR has grown significantly. The national income has increased by 17 percent in comparison with 1980. Some 840 billion rubles of capital investments have been aimed at strengthening the material-technical base of the national economy and at the construction of living space and of social-cultural and other installations.

The economy of the union republics has grown according to plan and the contribution of each of them to solving problems concerning the state as a whole has increased.

Positive results have been achieved in intensifying production and in raising its efficiency. Almost 90 percent of the increase of national income was produced due to the growth of the production of social labor.

Labor discipline has been improved and losses of working time have been reduced. Resources have begun to be utilized more economically.

The leading branch of the economy--industry--has been developed further. The increase of its output was 20 percent, while the production of consumer goods [group "B"] has grown faster than the output of the means of production.

The party's agrarian policy was carried out unflinchingly and the USSR Food Program was implemented consistently. One-third of all capital investments was directed to the strengthening

of the material-technical base of kolkhozes and sovkhozes and of the entire agro-industrial complex.

The production and procurement of the basic types of agricultural products have been increased. The average annual volume of gross agricultural output has grown by 6 percent and reached 131 billion rubles, as opposed to 123.9 billion rubles in the 10th Five-Year Plan.

In comparison with the 10th Five-Year Plan, the production of meat has increased by 10 percent and that of eggs by 18 percent. The harvest of fruits and vegetables has increased significantly.

The well-being of the Soviet people is being raised constantly on the basis of the upswing of the economy and of the growth of its efficiency. Real incomes per capita have increased by 11 percent. The average monthly wage of manual and white-collar workers has grown by 13 percent and reached 190 rubles in 1985, and the remuneration of labor of kolkhoz workers in the public economy has increased by 29 percent and is now more than 150 rubles per month.

The remuneration of labor for more than 20 million persons has been raised as a result of important measures. Payments and services from social consumption funds have grown by 25 percent and reached about 530 rubles per capita in 1985. The provision of a pension to workers has been improved.

The housing problem is being solved consistently. Buildings with a total space of more than 550 million square meters have been put into use and this has made it possible to improve the housing conditions of more than 50 million persons.

Consumer demands for many goods and services have begun to be satisfied more fully. The consumption of vegetables, fruits, eggs, meat and other products most valuable for nutrition has increased.

The development of commodity circulation is characterized by the further equalization of it throughout the republics. Commodity circulation in the Uzbek, Turkmen, Tajik, Georgian, Kirghiz, Azerbaijan and Moldavian union republics has grown by higher tempos.

The quality of the branch worker staff has improved. In 1980 there were 254,800 specialists with a higher education and 803,400 with special secondary education working in state trade, whereas there were 311,300 and 945,900 correspondingly in 1985. There are now 53 specialists with a higher education and 161 with special secondary training (compared with 43 and 136 in 1980).

At the same time, a slowing down of tempos of development has been noticed in the development of the national economy, and the technical level and quality of many products, including consumer goods, are lagging behind current requirements. Violations of contractual discipline in deliveries of output have been allowed and there are difficulties in providing the population with individual food products.

The party's economic strategy, the highest goal of which has been and remains the steady improvement of the material and cultural level of the life of the people, has found concrete realization in the planned targets of the draft of The Basic Directions of the Economic and Social Development of the USSR for 1986-1990 and for the Period up to the Year 2000.

The conception of the acceleration of socio-economic development presented by the party for the realization of this goal will be carried out as a result of the transition of the national economy to a primarily intensive path of development. The economic matter of accelerating the growth tempos of the national economy is characterized by the acceleration of the growth tempos of the national income. The national income increased by 17 percent in the 11th Five-Year Plan, and it should grow by 19-22 percent in the 12th Five-Year Plan and by almost twofold in the period up to the year 2000, while an increase of the national income and of the output of all branches of material production will be guaranteed fully due to an increase of labor productivity, which should grow 2.3-fold to 2.5-fold.

It is planned to significantly increase industrial output during 1986-1990 and in the period up to the year 2000.



Key:

1. Growth of industrial output
2. Not less than twofold

Measures for a further rise of the material well-being of the life of the people are envisaged. It is planned to increase the average monthly wage of manual and white-collar workers by 13-15 percent during the five-year plan, or up to 215-220 rubles, and to raise the real incomes of laborers.



Key:

1. Growth of real incomes per capita
2. By 1.6-fold to 1.8-fold

As stated in the draft of the Basic Directions, the implementation of the Overall Program for the Development of Consumer Goods Production and of Service Spheres for 1986-2000 is one of the most important tasks of all branches, republics and rayons without exception. For this purpose, it is planned to increase the output of non-food products in 1990 by not less than 1.3-fold in comparison with 1985, and 1.8-fold to 1.9-fold in 2000.

The production of light industry goods should be brought up to 103 billion rubles in 1990 and up to 142 billion rubles in 2000 (at retail prices), as opposed to 85 billion rubles in 1985.

Table 1. Output of Basic Light Industry Goods

<u>Item</u>	<u>1990</u>	<u>2000</u>
Fabrics, billions of square meters	14-15	18-19
Knitted goods, billions of pieces	2.2-2.3	3.3-3.4
Sock and Stocking goods, millions of pairs	2.3	2.5
Sewn goods, billions of rubles (at retail prices)	25-26	34-35
Footwear, millions of pairs	900	1015

Advanced growth rates for the production of goods related to the standard of living and for household use are envisaged and this will make it possible to significantly increase the supply of them to the population. Special attention has been given to increasing the production of household appliances which make work easier and reduce expenditures of time for doing housekeeping. It is planned to increase the production of goods related to the standard of living and for household use 1.3-fold to 1.5-fold by 1990 and to spend up to 77 billion rubles, and in the year 2000 up to 113-119 billion rubles with a growth of twofold to 2.1-fold in comparison with 1985.

In the 12th Five-Year Plan it is planned to basically satisfy the population's demands for sport and tourist goods, and in order to do this the production of them will be developed at accelerated rates.

The population's demand for construction materials, sanitary engineering equipment, garden houses and gardening and horticultural tools and implements will be fully satisfied.

It is planned to increase the volume of the production of consumer goods in the enterprises of local industry by not less than 1.3-fold in 1990, and 1.8-fold in 2000.

Table 2. The Output of Basic Goods Related to the Standard of Living and for Household Use (in millions of items)

<u>Item</u>	<u>1990</u>	<u>2000</u>
Radio receivers	11.2-12	14.3-15.3
Tape recorders	5.8-6	7.8-8
Televisions, including color	10.6-11 6.7-7	12.5-13 9.6-10
Refrigerators and freezers	6.6-7	8-8.8
Sewing machines	2.5	3.5
Washing machines	6-6.1	6.4-7
Vacuum cleaners	4.9-5	5.6-6
Furniture, billions of rubles (at retail prices)	10-10.5	15-16

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CONSUMER SECTOR POLICY AND ECONOMICS

GOSPLAN OFFICIALS ON COMPREHENSIVE CONSUMER GOODS PROGRAM

Moscow PLANOVYE KHOZYAYSTVO in Russian No 1, Jan 86 pp 115-124

[Article by R. Lokshin, deputy department chief, USSR Gosplan, and A. Masalskiy, deputy subdepartment chief, USSR Gosplan: "Comprehensive Program for Developing the Production of Consumer Goods and the Services Sphere"]

[Text] The Comprehensive Program for Developing the production of Consumer Goods and the Services Sphere in 1986-2000, which program was approved by the CPSU Central Committee and USSR Council of Ministers, is a concrete expression of our party's economic strategy, which is aimed at the steady raising of the material and cultural standard of living of the Soviet nation on the basis of the acceleration of scientific-technical progress. The program was worked out, in conformity with decisions of the 26th CPSU Congress, by USSR Gosplan with the participation of the Councils of Ministers of the union republics, the USSR ministries and departments, GKNT [State Committee for Science and Technology], USSR Academy of Sciences, AUCCTU, and the Central Committee of the All-Union Komsomol. Party, Soviet, planning, and economic agencies, and numerous scientific institutions at all levels of administration and management in the republics, krays, oblasts, rayons, and cities took part in preparing it.

The Comprehensive Program goes into effect in 1986 and encompasses the production and sale of all nonedible commodities and various types of paid services rendered to the public. This is of fundamental importance, since the measures that were previously carried out to develop the production of individual commodities and types of services, even though they played a positive role, failed however to guarantee the complete satisfying of the demand for an entire group of consumer goods and paid services.

The importance of including the services sphere in the program is influenced by the fact that at the present time the share of the public's expenses for services is extremely small (in 1985, for example, it constituted 10 percent, whereas the expenditures for the purchase of commodities are equal to approximately three-fourths of the expenses). The lag in the development of this sphere has been restraining the resolution of the task of guaranteeing conformity between the supply of commodities and services and the public's purchasing funds.

A peculiarity of the Comprehensive Program is the fact that, for the first time in planning practice, measures have been worked out to encompass not only the production and sale of nonedible commodities and the total number of types of paid services, but also the related branches that deliver to those spheres the basic types of raw and other materials and equipment. In the program there is a definition of the appropriate assignments both by the individual branches, and by the union republics, with the inclusion of enterprises and organizations situated on their territory, irrespective of the department to which they are subordinate.

The program is a component part of the Basic Directions for the Economic and Social Development of the USSR in 1986-1990 and for the Period Until the Year 2000. The program stipulates that, as early as the 12th Five-Year Plan, there must be a satisfaction of the public's effective demand for nonedible commodities, so that, in subsequent years, it will be possible not only to maintain that support at a definite level, but also to achieve efficient consumption norms for a broad group of articles, with a consideration of the fact that the ideas concerning the efficient needs will change as there is an increase in the degree to which the public is provided with commodities, the cultural level rises, and the changeover is made to a qualitatively new, more efficient structure of consumption.

The overall volume of production of nonedible commodities will increase in 1990, as compared with 1985, by a factor of no less than 1.3, and in 2000, 1.8-1.9. It is planned to have higher rates of increase in the production of articles intended for cultural, everyday, and household use: respectively by a factor of 1.4 and 2-2.1.

As a result of the fact that the production of a number of articles in light industry has been lagging behind the public's needs, it will be necessary to increase especially rapidly their production in the next few years. For example, the actual physical increase in their production in 1986-1990 will exceed the achieved increases in the preceding five-year period as follows: cotton fabrics, by a factor of 1.4; silk fabrics, a factor of 2; nonwoven materials, 2.1; knit underwear, 6.7; knit outerwear, 5.7; leather shoes, 3; and rubber footwear, 2.6. Outstripping rates of growth are planned for the production of clothing and footwear for children and senior citizens.

The increase in the volumes of production of nonedible commodities, including articles produced by light industry, will be accompanied by an improvement in their quality and consumer properties. This is also especially important as a result of the fact that, at the present time, in the trade network and at industrial enterprises, there has been an accumulation of a considerable quantity of commodities that are not in demand, and certain commodities are being produced without consideration of the established standards and requirements with regard to quality. For example, at a party conference of Communist Party members at the Kalinin Cotton-Fabrics Combine which was held in November 1985, it was noted that more than 9 percent of the inspected quantity of fabrics had been rejected as defective or put into lower grades. Such completely unjustified losses as a result of the worsening of quality reduce the effectiveness of economic measures, and cause a large amount of

harm to the national economy. Therefore, in the 12th Five-Year Plan in light industry it is planned to increase the production of commodities with improved quality by a factor of 1.4.

There will be a considerable increase in the production of fabrics with fiber blends, which are distinguished by their high consumer properties. In 1990 that output will constitute one billion square meters as compared to 100 million square meters in 1985. The production of woolen fabrics with improved finish and structure will be increased by a factor of more than 1.7; and silk fabrics with new structures, made of natural, artificial, and synthetic fibers, will be doubled.

There must be a substantial improvement in the fashion design and construction of clothing, and an increase in the production of multipurpose clothing -- for everyday use at work and at home, for engaging in sports, and in active recreation, as well as leisure clothing.

In the Comprehensive Program a large amount of attention is devoted to developing the production of everyday nonwoven textile materials. This will make it possible to obtain a considerable economic benefit, to make more efficient use of the raw materials, to achieve a considerable reduction in the industrial consumption of natural cotton fabrics, and to increase the sale of them to the public and the manufacture of clothing from them.

As a result of carrying out the measures that are being planned, there will be a considerable improvement in the degree to which the public is provided with commodities produced by light industry. The consumption of fabrics, including fabrics used for making clothing, and of knitwear and footwear will approach the efficient consumptions or will exceed them.

A greater and greater part in the public's purchases will be occupied by durable goods intended for cultural, everyday, and household use, and also those belonging to the so-called "thousand trifles" group. These items are everyday technology, which makes it possible to ease labor and to save time in conducting the household and managing the personal plot and orchard, and commodities involved with the obtaining of information, with recreation, sport, and the spending of one's free time. There will be an increase in the volume of production those commodities which are still in short supply in the stores, as well as fundamentally new types of commodities, and there will be a considerable raising of their technical level and quality.

The necessity of the substantial improvement of the quality and reliability of durable goods is influenced by the fact that there have been more frequent instances when many articles intended for cultural, everyday, and household purposes go out of commission ahead of time. These items include television receivers, washing machines, refrigerators, etc. At a conference of specialists in Shauliye (Lithuanian SSR) it was noted that the share of defective output at certain bicycle plants is 8 percent. In individual oblasts of RSFSR as many as 60 percent of the bicycles that have been delivered to the trade network were returned to the bicycle plants for correction or additional work.

The program stipulates the increasing in 1990, as compared to 1985, of the production of two-section refrigerators by a factor of 4.5; and freezers, by a factor of 3. The production of sewing machines is supposed to increased from 1.55 million in 1985 to 2.5 million in 1990; color television sets, from 4.3 million to 6.7-7 million; and the volume of commodities of household chemistry, from 3.5 billion rubles to 5-5.5 billion rubles.

It is proposed to make a transition to the production of progressive output, the substantial renovation of the variety, particularly of television receivers, and the increase in the share of electric vacuum cleaners with an increased comfort level, and new designs of semiautomatic and small-sized washing machines, and small-sized, portable, and automobile refrigerators. There will also be an expansion of the variety of the everyday electrical appliances being produced: juicers, toasters, roasters, electric hair dryers, etc. When designing the models, a large amount of attention will be devoted to the creation of economic articles that guarantee the reduction of electrical consumption and the amount of materials required for manufacture.

There will be broad development in the production of commodities to facilitate life in individual homes in rural localities and orchards, and to carry out work on the private plot.

The rate to which the public is provided with radio receivers, per 100 families, in 1990 will be 105 (as compared with 95 in 1985); television receivers, 108 (respectively 96); electric vacuum cleaners, 49 (39); tape recorders, 47 (36); and bicycles, 56 (49). By the end of 2000, it is planned to reach the efficient levels of providing families with practically the entire group of durable goods other than passenger cars.

The Comprehensive Program stipulates the considerable development of the services sphere. It emphasizes that, in the long-term view, there will be a substantial increase in the role of services in improving the living conditions of Soviet citizens, their spiritual and physical development, and the more efficient use of free time. There will be a further development of the services that are rendered by drawing on public consumption funds without compensation or with partial payment -- the protect of health, the indoctrination of the upcoming generation, education, social security, cultural services, etc. At the same time there will be a considerable expansion of paid services. Their volume will increase in the 12th Five-Year Plan by a factor of 1.3-1.4, and by the year 2000, a factor of 2.1-2.3.

During recent years there has accumulated a rather considerable unsatisfied demand on the part of the public for paid services. The gap between supply and demand has created the conditions for the activity of private individuals who render various kinds of services to the public, not infrequently at increased prices. The quality and the deadlines for the execution of the services being granted by enterprises in the personal-services sphere do not always satisfy the public, and this also encourages people to deal with private individuals. That leads to undesirable social consequences and to the development in certain individuals of such negative features as money-grubbing and greed, which are incompatible with socialist morality.

At the present time the degree to which the public's demand for individual types of paid services is being satisfied differs substantially. There is relatively complete satisfaction of the public's needs for the services of rail, sea, and air transport, and individual types of communication, cultural, and personal services, but this cannot be said about the satisfying of the public's demand for the repair and construction of housing, of garden homes and summer cottages, the repair and manufacture of furniture, mobile services, or the services of institutions of tourism, sports, or sanatoriums and resorts.

There are differences in the degree to which the public is provided with paid services in large and small cities and in various regions of the country. The development of the services sphere is lagging in the rural localities -- the level of expenditures for paid services there was approximately 40 percent lower than that in the cities. The enterprises and organizations in the services sphere have not been brought close to the customer everywhere (his place of work, schooling, or residence), and they do not always operate at a time that is convenient for the public. Insufficient provision has been made to make the basic types of services accessible to all groups of the public which have a different level of income or which need special concern and assistance on the part of society.

Until recently, little attention was paid to improving the methods of studying demand and forming the needs of the public for the basic types of paid services, and the departmental fragmentation in the use of the capacities of the enterprises and organizations involved in serving the public -- for example, the hotel management, recreation and sports centers -- hindered their more complete use.

In order to resolve all these problems, the Program has stipulated the creation of a well-branched and effectively operating system of paid services. It is recommended that that system be raised to a qualitatively new level, that there be a substantial increase in its contribution to the realization of the public's growing monetary income, and that optimal proportions be achieved in the public's expenditures for commodities and services.

The program stipulates the accelerated development of the branches of the national economy that are directly engaged in providing services to the public. The volume of sale of personal services will increase by the end of the 12th Five-Year Plan by at least 40 percent, and by the year 2000 by a factor of 2.4-2.5.

By 1990 it is planned to guarantee fully the public's needs for services in the repair and technical maintenance of radio electronic equipment, household appliances, furniture, and other household articles; the public's demand for mobile services will basically be satisfied by the considerable expansion of the network of technical maintenance stations. There will be a considerable increase in the number of laundries, dry cleaning shops, bath houses, and photo shops.

There will be a further development of rental shops, and it is planned to locate them in housing areas, dormitories, mass recreational areas, and at

major enterprises. Wide use will be made of the positive work experience of advance enterprises such as, for example, that of the Otdykh [Recreation] rental firm in Minsk. That firm offers on a rental basis a large quantity of articles intended for cultural and everyday purposes (as much as 80 percent of the rental pool) and sports equipment. The firm has also organized rental in recreational areas, where it offers bicycles, boats, balls, radio receivers, and cabanas for rental in a tent area.

At the present time, a new type of rental is being organized -- the rental of video cassettes. Special shops have already been opened up in Riga, Vilnius, Moscow, and certain other cities; for a small fee (from 2 to 5 rubles) it is possible to get cassettes there with the best Soviet and foreign films, concert programs, and cartoons. In Moscow, at the rental shop on the Arbat, a video salon with 50 seats will be opened in late 1985, where it will be possible to view any film that is available in the rental list.

The network of specialized Do It Yourself and Skilled Hands shops will develop. Shops such as these already exist also. For example, in Riga the Rigas Ekspresis firm opened up a Skilled Hands shop with a mechanical and a woodworking section, where, under the guidance of specialists and the use of the machinery and tools located there, for a small fee people can make the articles that they need for their own apartment or garden area. With the passage of time, it is planned to open up such shops in every housing area in Riga. Odessa has a Services Square in operation; in a small area that has been organized there, customers can carry out many types of services for themselves for a small fee. The complex has been very successful among the Odessans. A similar form of self-service, although on a smaller scale, has also been assimilated by the services sphere in Leningrad.

By 1990 there will be at least a tripling in the volume of services involving the repair and construction of housing and the building of other structures on the basis of work orders from the public. The need for these services will increase substantially as a result of the fact that the workers will actually be allocated no fewer than one million orchard and vegetable-garden plots.

A large amount of attention is being directed to increasing the volume of operations to improve the finishing and to improve the equipment in apartments and apartment buildings on the basis of work orders from the public with the use of their funds. An experiment being conducted in a number of cities has shown that the public takes a very self-interested attitude toward the new type of services. In Leningrad, for example, every fifth apartment building is being turned over for operation according to the new method, and the total number of apartments that have been finished with the use of improved materials on the basis of work orders from the public during the past four years is 4500. In Balakovo, Saratov Oblast, apartment-builders have considerably expanded, as compared with other cities, the list of services being rendered to the people moving in: they install built-in furniture in the kitchen and foyer, cornices for window blinds, decorative screens to cover radiators, etc. The services for the improved finishing and equipping of the apartments and apartment buildings on the basis of work orders from the public with the involvement of their funds are leading to considerable saving of building materials and equipment. For example, in Leningrad in the apartment

buildings built by the DSK-2 [House-Building Combine No. 2] alone, with an area of 3 million square meters, during the redoing of the new apartments the new apartment occupants wasted building materials with a total value of more than 23 million rubles.

Transport will receive further development. At the present time various types of transport every day carry almost 200 million passengers. However, there are major shortcomings in the organization of shipments. In order to eliminate these shortcomings, in 1984 the CPSU Central Committee enacted the decree entitled "The Further Improvement of the Work of Transport in Serving the Passengers," in which an indication was given of the specific measures that were aimed at the complete satisfying of the public's needs for shipments, the improvement of the efficiency of the services provided to the passengers, and the introduction of proper order and discipline in transport. These measures receive further development in the program.

In rail transport it is planned to improve the organization of passenger shipments. In suburban communication this pertains primarily to the peak hours, and on the long itineraries, to the summer-vacation period.

Air transport will develop at more rapid rates than passenger transport as a whole. The pool of passenger aircraft will be renovated, and the production of new aircraft with larger passenger capacity and a higher comfort level will be assimilated.

Sea and river transport will be supplemented by economical high-speed ships traveling on underwater vanes and on an air cushion, and by comfortable tourist ships. The capabilities of these types of transport will be used to the maximum extent for tourism and recreation by the public.

In suburban and intercity communication, as well as in rural localities, motorbus transport will develop more actively.

In urban public transport there will be an increase in the network of routes, with first-priority development being given to electrical transport, which does not pollute the atmosphere, does not require liquid fuel, and has a larger handling capacity than other types of urban transport. Wider use will be made of high-speed streetcars.

In order to serve enterprises operating around the clock, there has been an increase in the number of nighttime routes in urban passenger transport, and the intervals between trolleybuses, motorbuses, and streetcars will be reduced during peak hours.

At the present time the operation of urban public transport requires considerable subsidies from the state. For example, in the RSFSR alone in 1983, the income from urban transport came to 331.1 million rubles, but the expenses were 620.3 million. Every trip taken by a passenger in a streetcar costs the government 6.2 kopecks; in a trolleybus, 6.6 kopecks; and in a motorbus, 8 kopecks. Any innovation (for example, vehicles with upholstered seats, stoves for additional heating, and powerful fans; continuous tracks on streetcar lines, which create additional comfort for the passengers;

streetcars and trolleybuses that have been equipped with a pulse-thyristor system of control, which assure an easy rate of movement and smooth braking) requires additional expenses.

The development of services in passenger transport is not limited simply to increasing the volumes of passenger turnover for the more complete satisfying of the needs for passenger shipments. It also involves the increasing in the number of company trains, the creation of more comfortable conditions, and the providing of additional services. The carrying out of all these measures is stipulated in the Comprehensive Program.

Large tasks have been assigned to USSR Ministry of Communication. At the present time the public's demand for communication services is being satisfied at a rate that is not yet sufficient. For example, only every fourth family has a telephone, and more than 10 million requisitions have not yet been fulfilled.

In the 12th Five-Year Plan it is planned to put into operation approximately 12.1 million dialed telephone numbers in cities and in rural localities, thus guaranteeing an increase in telephone services by a factor of 1.6-1.7 and increasing the number of telephones in apartments by more than 9 million; starting in 1986 the public will be allocated three-fourths of the newly activated numbers. By the year 2000, 80 percent of the families will have a telephone.

It is planned to increase the number of long-distance dial telephones by a factor of 2.5-3, primarily in resort cities. The share automatic long-distance communication in the major cities will reach 85 percent.

At the present time the public's need for touch telephones has not yet been completely satisfied, although more than 9000 of them are installed annually in our country. In the 12th Five-Year Plan this problem will be resolved in the cities.

Special attention has been devoted to the development of rural telephone communication. By 1990 the services that the public receives with the aid of the telephone will be accessible not only to the urban resident, but also to the rural one. Telephones in the rural areas will be installed in all public health institutions, schools, stores, and enterprises providing personal and municipal services. The rural resident will be able to order a train or airplane ticket, to call a doctor, and to obtain various types of reference services.

In the city and the rural areas the persons whose requests for the installing of a telephone will be honored first are participants and disabled veterans of the Great Patriotic War, as well as Group I disabled individuals and families with a large number of children.

The material-technical base of communication will be reinforced. In the 12th Five-Year Plan there will be broad introduction of the most up-to-date telephone technology, primarily electronic and quasi-electronic telephone sets. The capacity of the new-generation dial telephone exchanges, in which

the control of the connecting of subscribers is carried out an electronic computer, will come to several million numbers by 1990.

Fiber-optics communication lines will begin to operate, carrying information by means of a laser beam.

New equipment will expand the capabilities of telephone communication: during the conversation, the subscriber will be informed that at that moment someone else is attempting to call his number, he will be granted the opportunity to talk simultaneously to several subscribers, to transfer the call to another number, and a number of other services.

The services of housing and municipal economy will increase by 32-34 percent in 1990 and by the year 2000 will increase by a factor of 2.2-2.4. Their development will be aimed at raising the level of convenience in apartment buildings, cities, settlements, and rural populated places, and the improvement of the quality of operation of the housing fund and the municipal services. In cities and city-type settlements, the socialized housing fund will be completely provided with centralized water supply, plumbing, and gas or electric stoves, and there will be a considerable raising of the level of improvement in the areas of individual housing construction. The traditional forms of municipal services will receive further development, and new types of them will be introduced.

There will be a considerable expansion of the hotel management. The number of rooms in hotels will increase in 1990 by 30-35 percent, and by the year 2000 by a factor of 2.5, together with an improvement in the services provided, and new types of services will also be introduced.

A peculiarity of the development of the services being granted by cultural institutions is the creation of multifunctional projects intended for cultural purposes and of city and rayon cultural and sports centers, and the increasing of the role of club institutions, especially in rural areas, in organizing the public's recreational activities. More active use will be made of new technical means, and specialized theme parks, as well as mobile attraction centers, will be created.

It is planned that within the next few years every labor collective will have at its disposal very simple sports structures. It is planned to increase the number of recuperation centers and physical-recuperation combines at people's place of residence.

Cultural and sports institutions are supposed to expand the organization of paid clubs, sections, and courses, and the rental of cultural and sports equipment, phonograph records, and magnetic-tape cassettes. Amateur associations and clubs will be created for various interest groups on the basis of individual membership with the payment of membership dues. Measures to develop the services of the institutions specializing in culture, physical culture, and sports are being developed with a consideration of the 12 June 1985 decree of CPSU Central Committee, entitled "Measures for Improving the Use of Club Institutions and Sports Structures."

The volume of tourist and excursion services will increase in 1990 by 48 percent and will triple by the year 2000. Their quality will improve, and their forms and types will expand. The enterprises of various ministries and departments will be involved more actively in rendering additional services to tourists.

Sanatorium-resort and recuperation institutions are supposed to provide the most complete satisfying of the workers' needs for recreation and treatment. The volume of these services will increase by 25-30 percent in 1990 and by a factor of 2.3-2.5 by the year 2000. They will develop with a consideration of the individual requests of the persons being served, and various additional types of services will be introduced. There will be an expansion of the network of sanatoriums and recreational institutions; large-scale projects with a high level of engineering equipment and conveniences, and recreational institutions for parents and children will be built; and the network of therapeutic and preventive institutions operating on the basis of cost accountability will be expanded.

The services of legal advice offices, notary offices, state insurance institutions, and savings banks will receive further development.

It is planned that the enterprises and organizations in consumer cooperatives, and sovkhozes and kolkhozes, will increase the volume of paid services for plowing the land on plots of land, treating orchards, selling the produce that has been grown, providing means of transportation, constructing and repairing individual homes, etc.

Paid services are rendered to the public not only by enterprises and organizations in the services sphere. Organizations that have begun playing a noticeable role in organizing them in recent years are the so-called nonspecialized enterprises and organizations in industry, construction, transportation, agriculture, and other branches of the national economy, that is, those enterprises and organizations for which the rendering of those services are not the basic activity. Positive experience in this kind of work has been accumulated in Moscow, Leningrad, Dnepropetrovsk, and a number of cities in the Donbass and Bashkiria. In Yaroslavl, for example, on the initiative of the Executive Committee of the city's Soviet of People's Deputies, enterprises having departmental motorbuses had assigned to them a plan for rendering transportation services to the public, and a proceeds plan was established for each bus. A system of additional payment of the labor performed by the drivers has also been developed. As a result there has been a substantial improvement in the transportation services during the peak hours -- in 1984 alone those buses carried more than a million additional passengers. There is also positive experience in Sverdlovsk Oblast. Since 1984 the Sverdlovsk Oblast Executive Committee has established assignments for the rendering of paid services to absolutely all the enterprises in the oblast. In 1984 alone, the volume of those services increased from 5.9 to 9 million rubles.

At the same time many enterprises and organizations that have opportunities at their disposal for the rendering of paid services are still being involved in that work at an insufficiently active rate. In order to improve that

activity, USSR Council of Ministers in 1985 adopted the decree entitled "Measures to Expand the Paid Services for the Public, Which Are Rendered by Enterprises and Organizations For Which the Rendering of Those Services Is Not the Principal Activity." The development of paid services for the public by the "unspecialized" enterprises and organizations must be carried out to supplement the services provided by the specialized enterprises and organizations in the services sphere, and it will contribute to the broader involvement in the rendering of those services of the available labor, material, and financial resources, fixed assets, and internal reserves.

In order to implement the assignments stipulated by the Comprehensive Program, in 1985 a number of decrees were adopted to develop the production of individual commodities and to provide for its material support -- the allocation of raw and other materials and equipment, capital investments, the establishment of the appropriate assignments for associated enterprises, and for individual branches in the services sphere. In particular, the CPSU Central Committee and USSR Council of Ministers issued decrees dealing with the increase in production, the expansion of the variety, and the improvement of the quality of footwear, commodities intended for sport and tourist use, articles produced by the electrical-engineering industry, and toys; with the production of chemical fibers, yarns, dyes, and other chemical materials; with the expansion of the material base of trade and public nutrition, construction-and-repair operations, telephone communication services, and tourism; and with the training of personnel for the branches of industry that produce consumer goods and for the services sphere.

A very important condition for the successful fulfillment of the assignments defined in the program is the improvement of the administration of the production and sale of consumer goods and the rendering of paid services to the public. What is involved here is the raising of the scientific level of administration of those spheres of the economy that are directly linked with the public's everyday life, and the organizational and legal principles of directing them. One has in mind both the branch aspect and the territorial aspect, their organic interrelationship.

The Comprehensive Program stipulates measures for improving the economic mechanism, for increasing the self-interestedness and responsibility of the enterprises and organizations in industry, trade, and the services sphere for the more complete satisfying of the needs of the public for commodities and services. The mechanism of administering trade and the sphere of services that guarantee the final implementation of the consumer and cultural blessings is supposed to exert a precise and rapid effect upon production. It is necessary to take prompt consideration of the changes occurring in the needs, in the consumer's demand. In those interrelated branches a factor that is especially important is the time-responsive making of decisions with a consideration of the dynamically developing demand, as well as the carrying out of measures that exert an active effect upon the formation of the demand itself.

The study of the consumers' requirements, the attentive watching of the rate of implementation, and the corresponding determination of the assignments for the enterprises producing the commodities, as well as the necessary level of

quality, variety, and outward finish of the articles with a consideration of the needs of various groups of consumers having various income levels constitute the conditions for the effective functioning of the entire "production to trade to consumer" system. The underconsideration of the public's requirements leads to a slowing down of the sales process, on the one hand, and to the formation of an unsatisfied demand, on the other. This also pertains in full measure to the services sphere.

During recent years the sale of a number of commodities has slowed down. The total bulk of commodity reserves in trade and industry as of the beginning of 1985 reached 93.5 billion rubles (117 days with respect to retail commodity turnover) as against 67.1 billion rubles as of the beginning of 1981 (96 days). With the increase in retail commodity turnover in 1984, as compared with 1980, by 45.55 billion rubles, or by 16.8 percent in the prices of the corresponding years, the commodity reserves during the same period increased by 26.4 billion rubles, or by 39.4 percent (Footnote 1) (See: "Narodnoye khozyaystvo SSSR v 1984 godu" [USSR National Economy in 1984], Moscow, "Finansy i statistika," 1985, pp 483, 488).

With respect to certain commodities, the rise in the level of reserves attests to the better satisfaction of demand, and to the elimination of interruptions in trade. However, for many commodities this increase was excessive and was the result of the fact that the variety and quality of the commodities being produced do not conform to the consumers' changed demand.

The Comprehensive Program stipulates the introduction, as part of the plans for economic and social development at all levels, of independent sections that include assignments for the production and sale of edible and nonedible commodities in retail prices, and for the production of their basic types expressed in physical terms, including new commodities, for retail commodity turnover, and for volumes of paid services rendered to the public. These assignments are reinforced by material and financial resources and by capital investments.

The formation of this kind of interrelated section in the plan is a new and important step in the attainment of the better coordination of the most important proportions in the national economy -- between the public's monetary income and the commodities and services -- of the branch and territorial sections of the plan.

The planned assignments become more effective when they are not only technologically and organizationally substantiated, but also when they interact with the economic interests of the suppliers and consumers, and of the industrial enterprises and trade organizations, and are linked with the system of paying for labor and with the incentives that provide every enterprise with self-interestedness not only in the prompt payment for the output that has been produced, but also in its final sale. In order to resolve this task, favorable prerequisites are created, inasmuch as, since the beginning of 1986, more than half of the total output of industry will be produced by enterprises working under the new management conditions.

The coordination of the plans for production of consumer goods with the conditions for their sale requires a search for economic, organizational, psychological, and other incentives that correspond to the spirit of our society and that encourage the enterprises constantly to take into consideration the degree to which they are satisfying the demand, the need for the particular type of output. In this regard, a necessary factor is the formation of the production plans on the basis of economic contracts that have been concluded between the trade network and industry, with the simultaneous increase in the economic responsibility borne by the trade organization for the substantiation of their production orders that have been accepted for execution by industry.

The State Plan for the Economic and Social Development in 1986 has already been augmented by a new section, "Development of Production and Sale of Consumer Goods and the System of Paid Services for the Public." The subsection dealing with services includes such new indicators as the volume of sale of paid services to the public, as subdivided by the territory of the union republics; services involved in the construction, by the in-house method, with the use of the citizens' funds; services provided by rail, air, and sea transport; volume of sale of communication services to the public; volume of paid services to the public which are rendered by enterprises and organizations of USSR ministries and departments for which the rendering of those services is not the basic activity. All this will make it possible to create the conditions for the considerable increase in the volume of services, for improving their quality, and for the more complete satisfying of the demand for them.

In the course of the work on the plan for the 12th Five-Year Plan it is necessary to keep in mind the fact that the assignments in the program are the minimal, and therefore it will be necessary to seek new capabilities for the more substantial increase in the production of commodities and especially the volume of services to the public.

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CONSUMER SECTOR POLICY AND ECONOMICS

USSR DEPUTY TRADE MINISTER ON SECTOR PROGRESS

Moscow OБSHCHESTVENNOYE PITANIYE in Russian No 2, Feb 86 pp 1-4

[Article by Viktor Grigoryevich Bychkov, USSR deputy minister of trade:
"Today's Objective: To Think in a New Way, To Put Forth the Maximum Effort
and To Manage Skillfully and Intelligently"; passages rendered in all capital
letters printed in boldface in source]

[Excerpts] The growth rate of commodity turnover in comparable prices was 13.8 percent for the 5 years and the rate of production growth was 18.4 percent. The number of seats in public catering enterprises increased by 3.34 million and reached 20.534 million by the end of the five-year plan, including an increase of 1.322 million seats in worker cafeterias, or an increase of 17.9 percent. The number of stores selling prepared and semi-prepared foods reached 27,800, increasing by 9,000 or by 47.8 percent, including an increase of 6,100 stores at production enterprises (a more than 1.8-fold increase).

The last five-year plan was the first important stage in the introduction of industrial methods of food preparation in public catering. The objective was to transfer to this highly productive method of operations at enterprises with 2,435,000 seats, and this objective was attained.

We must be discerning, however, and admit that OUR PRESENT LEVEL OF OPERATIONS STILL DOES NOT MEET THE HIGHER DEMANDS MADE ON OUR SECTOR by the working public, particularly with regard to the development of the material and technical base of public catering, the quality of food and the quality of service. This is now a matter of primary concern.

During the 12th Five-Year Plan the network of sector enterprises should increase by 4,465,800 seats, or by 20 percent; this will include an increase of 1,290,500 seats, or of 19.2 percent, in the cafeterias of production enterprises, of 258,200 seats (33.9 percent) in VUZ's and teknikums, of 1,972,000 seats (34.2 percent) in schools and of 215,000 seats (24.7 percent) in vocational and technical institutes; the network of enterprises open to the general public should be augmented by 730,000 seats (17.1 percent) and the network of dietetic catering should be augmented by 355,000 seats (42.7 percent). Around 5,800 stores for the sale of prepared and semiprepared foods are to be opened. It should be borne in mind that the growth rate of the network in the new 5-year period will be 32 percent higher than in the last

one. It will not be easy to secure this rate; it will take a struggle, and a serious one.

The completion of the program for the nationwide development of the public catering network by the end of the 12th Five-Year Plan will bring the number of cafeteria seats up to 82.9 percent of the standard in production enterprises, 89.1 percent in VUZ's and teknikums and 85.4 percent in schools and the number of seats up to 54.1 percent of the standard in the network of enterprises open to the general public and 63 percent in enterprises serving dietetic meals.

I would like to direct special attention to the development of the network of enterprises open to the general public, which will play an important role in the improvement of the daily life of the Soviet people. Union republic ministries of trade have obviously paid insufficient attention to this matter, as a result of which the present facilities represent only 46 percent of the standard. I would like to emphasize the fact that the organization of public catering in the cafeterias of factories, plants and establishments has not been utilized to the maximum on the local level. Wherever conditions permit, local agencies should provide services for outside customers as soon as the regular clients have been served. This will not only provide for the more efficient and more effective use of existing potential in the sector, particularly heating equipment, but will also satisfy the working public's need for the services of our sector more fully. This is our most important objective.

The further development of the network of stores selling prepared and semi-prepared foods will be an important part of our work in the current 5-year period. All of the necessary prerequisites have been established for this. In accordance with procedures established back in the beginning of 1982, the directors of production enterprises, organizations, establishments and higher and secondary specialized academic institutions must provide facilities for public catering, and trade organizations must arrange for the sale of prepared and semiprepared foods in plant and student cafeterias. Therefore, we have the production facilities, the personnel and the necessary raw materials; the rate at which this network is being developed, however, is obviously too low and does not correspond to the considerable potential we have. In the Uzbek SSR, for example, facilities of this kind represent only 15 percent of the norm on work sites and the five-year-plan assignment was fulfilled by only 50 percent; respective indicators for other republics are 22 and 30 percent for the Kazakh SSR, 30 and 60 percent for the Georgian SSR, 24 and 55 percent for the Tajik SSR and 25 and 70 percent for the Turkmen SSR. The trade ministries of the Ukrainian, Belorussian, Lithuanian and Estonian SSR's, on the other hand, have a relatively well-developed network of this kind, are continuing to develop it and are successfully keeping up with five-year-plan assignments. Ministries of trade fulfilled assignments for the development of the network of stores selling prepared and semiprepared foods over the last 5 years by 103 percent in the Ukraine, 175 percent in Belorussia, 103 percent in Lithuania and 100 percent in Estonia. This is an indication that local agencies are approaching the resolution of this problem in different ways. Ministries responsible for a lag in this development must revise their previously assigned objectives for the development of the network of stores selling

prepared and semiprepared foods during the new five-year plan for the purpose of a substantial increase.

While continuing the enlargement of the network of conventional cafeterias with a broad assortment of items, WE MUST OPEN, ON THE BASIS OF DEMAND ANALYSIS, MORE FAST-FOOD ENTERPRISES. They take less time and effort to equip, they can satisfy public demand and they can produce a quick return on invested capital because they are highly profitable. Obviously, THE OPERATIONS OF THESE ENTERPRISES MUST INVOLVE ONLY THE FINAL PREPARATION OF FOODS AND MUST BE BASED ON INDUSTRIAL METHODS.

Specific assignments must be drawn up as soon as possible for the establishment of fast-food enterprises in each region, envisaging the priority development of a network of enterprises selling pirozhki, cheburechki, pelmeni, tea, sandwiches and other items through the remodeling of existing facilities and the construction of new ones. Here I must stress that WE MUST CONTINUE ADHERING PRECISELY TO THE POLICY OF RESPECIALIZING OUR ENTERPRISES WHICH ONCE SOLD ALCOHOLIC BEVERAGES for the sale of bakery goods, juices, soft drinks, ice cream and vegetable and fruit snacks. It is important to always remember that the successful fulfillment of the group of measures stipulated by the party and government to surmount drunkenness and alcoholism will depend largely on the sector as a whole and on each one of us.

THE FURTHER IMPROVEMENT OF THE QUALITY OF PRODUCTS IN EACH PUBLIC CATERING ENTERPRISE OCCUPIES THE CENTRAL POSITION AMONG ALL OF THE OBJECTIVES OF THE 12TH FIVE-YEAR PLAN. Standard technical documents are being drawn up and introduced for this purpose, active efforts are being made to heighten the skills and responsibility of personnel for the preparation of meals and items of high quality, intraorganizational supervision is being improved, the network of sanitary food laboratories is being developed and the role of the engineer-technologist in production is being augmented.

The most important area of this work, however, is still the introduction of industrial methods of food preparation. A great deal was accomplished in this area in the last 5 years. But this was only a modest beginning for what we must accomplish in the current 5 years. After all, the seating in enterprises which have made the transition to industrial work methods represents only 15 percent of the total! The indicator is even lower for some republics. For example, it is 12 percent in the RSFSR, 9.7 percent in the Uzbek SSR, 10 percent in the Armenian SSR and the work has virtually not even begun in the Kirghiz SSR. In the Ukrainian, Estonian and Lithuanian SSR's, on the other hand, the indicator exceeded 35 percent at the end of the five-year plan.

The main thing now is to concentrate on the completion of the new assignments which have been set for sector workers in the 12th Five-Year Plan and worded in precise detail in the draft Basic Directions of the Economic and Social Development of the USSR from 1986 to 1990 and During the Period up to 2000. WE MUST CONCENTRATE ON THE WIDESPREAD INTRODUCTION OF INDUSTRIAL METHODS OF FOOD PREPARATION through the more intense centralization of the production of semiprepared items, the improvement of the quality of products and services and the fuller satisfaction of the public demand for the services of sector enterprises in places of employment, study and recreation.

INDUSTRIALIZATION AND THE ESTABLISHMENT OF FOOD PRODUCTION ASSOCIATIONS MUST BE BASED ON EXISTING MATERIAL AND TECHNICAL FACILITIES AND LOCAL CONDITIONS: WHEREVER POSSIBLE, THE FACILITIES OF FOOD INDUSTRY ENTERPRISES MUST BE UTILIZED TO THE MAXIMUM. One example of this can be seen in Dnepropetrovsk, where a semiprepared food shop was built at a meat combine for the preparation of 24 or 25 meat dishes and 5 poultry dishes. They are delivered in containers to enterprises for final preparation. The Dnepropetrovskryba Production Association supplies the public catering network with 10-12 semiprepared items.

The vegetable shop of the agroindustrial association supplies the network with peeled potatoes, beets and carrots, washed cabbage, tomato paste and fruit juice. Given this development of the material base of the food industry in Dnepropetrovsk, the public catering system is concentrating only on the establishment of shops for the citywide delivery of prepared foods and bakery goods, as well as semiprepared poultry dishes, which industry is still delivering in an insufficient quantity and assortment.

In Dneprodzerzhinsk in the same oblast, where food industry enterprises do not produce semiprepared foods, WE HAVE ESTABLISHED OUR OWN FACTORIES FOR THE PRODUCTION OF PREPARED AND SEMIPREPARED FOODS AND SPECIALIZED SHOPS FOR CITYWIDE DELIVERIES.

THE INDUSTRIALIZATION OF THE SECTOR IS STILL OUR CARDINAL OBJECTIVE. According to the preliminary assignments of union republic trade ministries, enterprises with at least 35 percent of the total seating capacity of the network are to make the transition to industrial work methods in the 12th Five-Year Plan. Plans call for the establishment of 70 factories for the production of prepared and semiprepared foods and 7,000 enterprises for their final preparation, outfitted with the fundamentally new technological equipment developed by machine builders specifically for the industrial organization of food preparation. The quantity of work planned in republics for the industrialization of the sector appears impressive on the surface, but a deeper analysis indicates that some trade ministries still have not been able to reorganize the work in accordance with the instructions and decisions of the April (1985) CPSU Central Committee Plenum and the June CPSU Central Committee conference on scientific and technical progress. The projected figures for the percentage of enterprises to make the transition to industrial work methods in this five-year plan provide eloquent testimony: 35 percent in the RSFSR, 70 percent in the Ukrainian SSR, 50 percent in the Belorussian SSR, 24.2 percent in the Uzbek SSR, 35 percent in the Kazakh SSR, 24.5 percent in the Georgian SSR, 35 percent in the Azerbaijan SSR, 52 percent in the Lithuanian SSR, 35 percent in the Moldavian SSR, 35 percent in the Latvian SSR, 29 percent in the Kirghiz SSR, 42 percent in the Tajik SSR, 35 percent in the Armenian SSR, 35 percent in the Turkmen SSR and 57 percent in the Estonian SSR. It is obvious that the trade ministries of the Ukrainian, Belorussian, Estonian, Tajik and Lithuanian SSR's have displayed initiative in accepting stepped-up assignments whose fulfillment will raise the level of sectorial industrialization throughout the country. Their work deserves serious praise, but this cannot be said of the trade ministries of the Uzbek, Kirghiz and Georgian SSR's, where projected assignments are much lower than the union average. There is no question that this is unacceptable. These trade ministries must analyze their earlier assignments and raise them at least to the union level.

We must remember that the introduction of the industrial organization of production is not a goal in itself, but a means of heightening the economic and social effectiveness of the sector and an important condition for a resolute move toward intensive development patterns. The example of the Vekhovets Catering Combine clearly shows how dramatically industrialization can enhance effectiveness and productivity. In the past 5 years commodity turnover here rose 67 percent, the output of locally produced items increased by 76 percent and labor productivity rose 61 percent.

Here is another example: A food preparation association has just been established in Kiev's Shevchenkovskiy Rayon as part of the procurement and production factory of the Kiev Production Association imeni Artem. It will free over 250 people (of the present staff of 1,000) and 600 pieces of equipment and will augment labor productivity by 63 percent. This is precisely how the problems facing us must be solved. Furthermore, it must be stressed that, MORE THAN EVER BEFORE, WE NOW NEED A BOLD AND COMPETENT APPROACH TO THE ENTIRE MATTER, SKILLFUL AND CONSCIENTIOUS LABOR, ACCURACY AND ORDER AT EACH ENTERPRISE AND IN EACH WORK POSITION, THE ABILITY TO APPRECIATE THE VALUE OF PUBLIC PROPERTY AND EACH MINUTE OF WORK TIME, INTELLIGENT ECONOMIC MANAGEMENT, HIGHLY ORGANIZED LABOR AND THE ABILITY TO ENVISION FINAL RESULTS AND ACHIEVE THEM UNCONDITIONALLY. Each worker in the sector, from cooks to high-level administrators, must clearly realize that our current objectives will not be attained until we surmount our inertia, old procedures and old work habits. Personnel policy must be aimed at a radical change in our people's way of thinking. In short, THE HUMAN FACTOR IS THE FOCUS OF ATTENTION TODAY. Reliance on scientific and technical progress is reliance on the individual, on his mind and initiative and on his high moral standards. Experience has shown that CARDINAL IMPROVEMENTS IN THE ECONOMY WILL NECESSITATE THE PSYCHOLOGICAL REORIENTATION OF PEOPLE AND THE CULTIVATION OF THE DESIRE AND ABILITY TO THINK AND WORK IN NEW WAYS. All of our administrative personnel, especially managers, must fully realize the vital and urgent need to reorganize the work of each enterprise and of the sector in general in accordance with today's requirements.

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CONSUMER SECTOR POLICY AND ECONOMICS

GOSPLAN OFFICIALS ON WAYS TO IMPROVE NATIONAL WELL-BEING

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[Article by V. Orlov, USSR Gosplan subdivision chief, candidate of economic sciences; A. Pern, USSR Gosplan deputy subdivision chief, candidate of economic sciences; and A. Bokov, USSR Gosplan senior expert, candidate of economic sciences: "Social Development: Goals and Prospects for the Future"]

[Text] The supreme goal of a socialist economy's development is achievement of "/full/ prosperity and free /comprehensive/ development of /all/ members of society." [Slantlines represent italics in the original.] (Footnote) (V. I. Lenin, "Poln. sobr. soch." [Complete Works], Vol 6, p 232) The productive and intellectual potential built up in the country and the need to speed up socio-economic development make it possible and essential to advance substantially toward that goal. The requirements of the basic economic law of socialism, which occupies a central place in the system of economic laws of socialist society, are manifested here. It has a definite impact both on the universal economic laws operative under socialism (the growth of needs, time-saving, and so on) as well as on the specific economic laws of the communist mode of production as a whole and on the laws of its first phase (conformity to plan, distribution according to labor, and so on).

The party's economic policy and the planned management of the economy express the requirements of the basic economic law and of the entire system of socialism's production relations. The theoretical premises stated in the draft of the new version of the Program of the Communist Party of the Soviet Union are a vivid manifestation of this. It sets the task of raising the prosperity of the Soviet people to a qualitatively new level and of guaranteeing that level and structure of consumption of material goods and social and cultural benefits which will best suit the goals of shaping a harmoniously developed and spiritually rich personality and of creating the necessary conditions for the fullest disclosure of the abilities, gifts, and talents of the Soviet people in the interest of society. The party takes as its point of departure here that the impact of social factors on economic growth and on the rise of economic efficiency and on all spheres of social life will be gaining strength.

Socialism guarantees solution of social problems in the interests of all the working people. Our country's achievements in dealing with these problems has historic importance. The world's first nationwide system of education entirely

free at all levels was created in the Soviet Union. The transition to universal secondary education has had fundamental importance to the rise of society's educational potential. The ramified system of free medical care for the public has been improving constantly. In the midsixties formation of the system of social security extending to all social groups was completed. Housing is being built on an immense scale. The Soviet people are being furnished a constantly growing supply of industrial goods and foodstuffs. For instance, in the midseventies per capita food consumption reached the recommended scientific level in terms of caloric value.

The rise of the prosperity of the people to a qualitatively new level, which has been outlined by the party, is characterized by an essential forward movement among all the directions of social policy.

Shaping a qualitatively new state of Soviet society, including the prosperity of the people, is a historic goal on a large scale. The country's socioeconomic development will have to speed up considerably if it is to be achieved. These tasks will be performed under conditions qualitatively different from those in the previous period. The most characteristic feature of economic development in the coming period is a major change in ways of meeting the needs of society for various types of resources. Whereas previously the needs of the economy were met mainly by additional growth of production and by bringing the relevant resources into circulation, now the growing needs will be met above all through conservation and optimum use of those resources.

That acceleration, which presupposes a sharp rise in production efficiency, can be achieved above all on the basis of extensive application of the achievements of scientific-technical progress. But man makes his own scientific-technical progress. The quality of scientific-technical progress itself and the scale and pace of its spread through the economy will depend, then, on the degree to which labor is skilled, organized, and motivated. As M.S. Gorbachev said in the speech delivered at a meeting of the aktiv of the Leningrad party organization, the need for more intelligent, more responsible, and more disciplined work is becoming very real.

The interrelationship of economic and social development will be strengthened in that context. Not only will the capability of solving social problems be determined by economic development, but the rates of economic progress will to an ever greater degree turn out to be dependent upon how favorable an impact it receives from social development. The draft of the new version of the CPSU Program points out that the party regards social policy as a powerful implement for speeding up the country's development and for achieving more vigorous activity of the masses in the workplace and in sociopolitical life.

The feedback effect of social development on economic progress is a manifold one. But one can single out its two most important directions. First, through formation of labor power and the conditions of its reproduction. The shaping of man as a bearer of a certain level of knowledge, culture, and vocational skill takes place with the involvement of those sectors which belong to the social infrastructure. The same can also be said of the reproduction of labor power, which includes both health maintenance and timely refreshing of

knowledge. Second, this influence will be exerted through social conditions, which determine the work activity of workers in socialist production. These conditions embrace a broad range of social relations in the sphere of labor, distribution, and consumption.

Improvement of the sphere of labor has great importance to increasing the work activity of the workers of socialist production: constant broadening of creative principles in the work process, strengthening the collectivist character of work, and improving working conditions. This is an indispensable prerequisite for harmonious development of the human personality and for broad disclosure of its natural abilities and gifts.

The drafts of the new version of the CPSU Program and of the Basic Directions... envisage a substantial reduction of the use of manual labor, consistent elimination of monotonous and heavy physical and low-skill labor, and achievement of more healthy working conditions.

The system of work incentives has a particular role to play in achieving the high level of work activity of the workers until such time as work becomes the primary need in the life of every Soviet person. The ideas in the classics of Marxism-Leninism on the subject of setting up a system of such incentives in a socialist society have to do with distribution of the product created by social labor in accordance with every worker's contribution of work and with the development of competition in work. Reality has completely confirmed the rightness of these ideas.

The system of distribution according to labor and organization of socialist competition at all stages of the construction of socialism in our country have served as powerful implements for achieving the high work activity of the workers of socialist production. Experience has also shown that in cases when the principles of distribution according to work have been violated, phenomena which so disfigure socialism such as leveling and income not based on work occur, and the level of work activity drops off. It has also become obvious that the organization of competition should not be approached in a formalistic way; in this case it becomes less important as an accelerator of the growth of production.

Under the new conditions of economic development, when a turnaround is to be achieved in the growth rate of the efficiency of social production, it has become a necessity to make a certain reassessment of approaches to the use of work incentives.

The general principles which must be looked to for guidance in this can in our view be stated as follows.

First of all, the principle has to be consistently realized that achievement of a certain level of the work contribution comes before the remuneration. This is especially important in carrying out measures in the area of wages. In previous 5-year periods measures to revise wage rate schedules and salaries in the production sphere have mainly been financed from centralized resources and have been carried out practically at the same time in all sectors of major

regions of the country. The result has been that for enterprises whose performance was not good enough the rise in worker wages was like an advance assuming that their production indicators would later come up to that level.

Such practice is justified in theoretical terms by arguing that in the distribution according to labor the conditions for its remuneration in wage rate schedules reflect the quantity and quality of the labor of a particular worker and need not take into account the economic conditions under which he works. In practice this has resulted in a lack of agreement among the interests of society, of the enterprise, and of the individual worker.

The plans for the coming period call for changing the procedure for conversion of enterprises to new rate schedule conditions for remuneration. The major portion of the resources will be sought out by the enterprises themselves, which will create opportunities for closer linkage between the conditions for setting the individual level of remuneration and the results of the collective's work. Every worker becomes motivated to raise the operating efficiency of the entire enterprise, and this must stimulate the creativity of the masses.

Second, if the conditions for the rise of prosperity are to have the maximum effect on work activity there have to be diverse forms of work incentives. At the present time, when for many workers work is already becoming a matter of professional honor and civic conscience, when collectivism in the workplace is increasing, it is especially important to find incentive forms in which the mutual reinforcement of the material and nonmaterial incentive is guaranteed. At the same time it is essential to deprive of social benefits those who work unconscientiously and who violate work discipline.

Third, the influence of social factors on the growth of production is strengthened by the elimination of all ways of obtaining income without work. The draft of the new version of the CPSU Program states: "The party attributes fundamental importance to decisive eradication of income not derived from work and all departures from socialist principles of distribution, antisocial forms of redistribution of income and benefits, parasitism, and speculation." This requires eliminating the economic bases of these phenomena and above all eliminating the imbalance between supply and demand and all types of shortages of consumer goods.

Full satisfaction of the growing public demand for a variety of consumer goods of high quality, as noted in the draft of the new version of the CPSU Program, is a task of primary importance among the diverse aspects of raising the people's standard of living. It must be done at a new and qualitatively higher level. This can be described in its most general form as attainment or a substantially closer approach to scientifically substantiated allowances and standards for optimum consumption of important foodstuffs and nonfood commodities combined with a substantial improvement in the makeup of the goods consumed with respect to quality and assortment. At the same time provision has been made to develop at a faster pace those services for which the public pays and to ensure fuller satisfaction of the needs of the Soviet people for those services. Only with this kind of flexible approach is it possible to achieve balance between supply and demand and for consumption to have a stronger feedback in terms of increasing the efficiency of social production.

The draft of the Basic Directions... calls for increasing the volume of retail sales of state and cooperative trade approximately 1.8-fold over the next 15 years and sales of paid services rendered to the public 2.1-2.3-fold.

Calculations made during preparation of the draft of the Basic Directions... show that a further rise in the indicator of per capita consumption will be achieved thanks to carrying out the Food Program in the country over the period up to 1990, the subsequent stable growth of production of agricultural products, and the Comprehensive Program for Development of Production and Consumer Goods and the Service Sector Over the Period 1986-2000. Achievement of optimum standards is projected by the year 2000 for all the basic foodstuffs, cotton and silk fabrics, hosiery, leather footwear, timepieces, television sets, tape recorders, cameras, refrigerators, washing machines, vacuum cleaners, and bicycles.

Shifts will take place in the pattern of personal expenditure reflecting the rising needs of the population: There will be an increase in the share of paid services, and in the commodity portion of expenditures there will be an increase in the share of products with high nutritional value, fashionable and high-quality clothing and footwear, and durable consumer goods and housewares with improved performance characteristics.

The optimum level of the caloric value of the daily per capita ration has not only been achieved in the population's consumption of foodstuffs, it has even been exceeded. That is why the most important task now is to overcome the imbalance in nutrition with respect to animal protein, vitamins, and mineral composition.

Achievement of the per capita consumption of the principal products as set forth in the computations for the draft of the Basic Directions... will solve this problem and make it possible, according to our estimates, to guarantee a basically optimum balanced diet of the population in the year 2000. In order to do this the present caloric value of the daily intake will be preserved by an accelerated development of the production and consumption of meat, dairy, and fish products, eggs, and also products with a high vitamin content (vegetables, fruit, and so on) and by a reduction in the level of per capita consumption of bread and bread products and potatoes.

The draft of the Basic Directions..., which takes into account progressive changes in the pattern of growing effective demand, specifically plans for an increase in the output and delivery to the trade sector of meat, partially cooked meat products in prepackaged and store-wrapped form, of live and frozen fish, of fish products in cutup form, air-dried sturgeon products, and smoked and air-dried fish products. There will be a sizable increase in the output of preserves, compotes, jams, juices, and nonalcoholic beverages, mostly in small containers, as well as of fast-frozen fruit, vegetables, and precooked dishes requiring no further preparation.

Much attention is being paid to expanding the production of foodstuffs enriched with vitamins, proteins, and other components with high biological and nutritional value and baby food and dietetic foods.

Along with the increased production of foodstuffs, an equally important direction for increasing food resources is educating better food habits. This means above all reducing the waste of food in the household, overcoming irrational needs as a society, formation of a positive attitude toward products which are not the traditional ones, achieving special diets for various population groups, and so on.

Implementation of the Comprehensive Program for Development of the Production of Consumer Goods and the Service Sector Over the Period 1986-2000 represents a new stage in meeting the needs of the Soviet people. It calls for a system of measures which are interrelated with respect to goals, resources, periods of time, and those responsible for performing them.

The output of nonfood commodities will increase at least 1.8-1.9-fold over the next 15 years. In light industry the production of goods will by the year 2000 be brought up to 142 billion rubles (in retail prices), as against 85 billion rubles in 1985. The output of durable consumer goods and housewares will reach 113-119 billion rubles in value terms, which is 2-2.1-fold greater than the 1985 level. The population will receive far more fabrics, clothing, footwear, housewares, recreational goods, etc. Whereas now there are 96 television sets for every 100 families, 90 refrigerators, and 95 radios, by the end of the long-range period these figures will be 135, 112, and 145, respectively.

There will be a substantial improvement in services to the public, the trade sector will have a stronger influence toward formation of the assortment and improvement of the quality of the goods produced by industry. Progressive forms of service which are convenient for the customer and substantially reduce the time it takes to acquire goods will be introduced more widely into everyday practice. Twelve comprehensive scientific-technical target programs to put into production new products and materials used in making them have been directed toward performance of these tasks. In addition, measures are to be carried out to improve the quality of footwear, to develop the production of the products of the electrical equipment industry, of cinematographic and photographic products, of sporting goods, toys, the products of local industry, to carry out chemicalization of consumer goods and the industrial packaging of goods, and to strengthen the trade sector's plant and equipment. The basic directions have been outlined for improving the system of planning, management and business relations between industry and the trade sector, and economic incentives.

The growth of production of nonfood commodities outlined by the Comprehensive Program will be accomplished in the context of a sufficiently high supply of those products to the public. For instance, an adult man's average wardrobe, according to an evaluation by the VNIIKS, includes 20 pieces of outer clothing and 7 pairs of footwear; its makeup is distinguished by an ever greater multi-functional aspect. That is why in the next several years the volume proportions of demand and consumption will require a vigorous and purposive effort on the part of the branches of industry engaged in the production of goods for the public to improve the makeup of output and its orientation toward meeting the requirements of a particular consumer. Industry and the trade sector must

react responsively to the changing requirements of population groups with differing levels of adequacy of material goods and to give fuller consideration to socioeconomic transformations in the spheres of work, everyday life, and leisure of urban and rural inhabitants.

The sectors of light industry need to substantially improve the styling and designing of sewn garments and the styling of fabrics and to expand the assortment of clothing and footwear for children, young people, and the elderly. The course has been adopted to pay paramount attention to new goods with improved quality, whose output will increase approximately 1.4-fold in the 12th Five-Year Plan and 1.9-2-fold by the year 2000.

Equally complicated and strenuous targets have been set down in the Comprehensive Program for those sectors specializing in the production of durable consumer goods and housewares. Even now the overwhelming majority of families has the use of a refrigerator, television set, and radio, more than half of the families have washing machines and sewing machines, a bicycle or a moped. A need has arisen in many families to replace durable consumer goods which have become old and to acquire products which are not in the traditional group. Thus requirements concerning reliability, completeness, and "features" of all types of complicated household equipment, and for the mass production of fundamentally new commodities are moving into the foreground. The draft of the Basic Directions... points to the accelerated development of the production of such products and of combinations of them. The transition will basically be made to manufacturing standard household refrigerators and freezers, washing machines, and other sophisticated household appliances. There will be a substantial improvement in the quality of television sets, radios, tape recorders, and other radio products. All of this will make it possible to satisfy more fully the demand of various groups of the population and consumers with a differing level of income. A majority of families now have income per member of the family of 100 rubles or more. It is the medium- and high-income strata of the population that determine and will determine the general pattern of public demand, which has become larger and more flexible and is shifting to an ever greater degree toward goods that meet higher requirements.

The production of goods fundamentally new for the domestic industry will be oriented toward meeting the higher requirements and demand of the public. We can include among them large-screen color television sets, "pocket-size" television sets, one-step cameras, sewing machines with electronic programming, telephone-answering machines, electronic games and toys, microwave ovens and cookware for them, furniture with built-in equipment (radio, television, and sound reproduction equipment, air conditioners, refrigerators, and lamps), etc.

An important social task is to satisfy the demand of persons with relatively low per capita income. Families whose per capita income is, say, 50-75 rubles per month (pensioners, young people, large families), have diverse and sometimes very specific demands.

Carrying out the conception of the Comprehensive Program with respect to assortment will specifically make it possible to expand the output of inexpensive and solid goods and products for children and thus to satisfy the demand

of population groups which are not well-off in relative terms. Much attention will be paid to the production of goods for a radical transformation of rural life and to make work easier in farming on private plots. There is to be a substantial expansion of the output of goods which develop work habits in children and young people and goods for technical creativity and hobbies.

In addition to furnishing services gratis to the public, much attention in the coming long-range period will be paid to creating a diverse and effective system of paid services. Their volume will more than double by the year 2000. It is very important in this connection to expand in every way the assortment of services rendered and to provide everywhere those which are in great demand. They include such services as house repairs, the building of sheds on collective garden plots, rental of various sophisticated household appliances, camping gear, sporting goods, and gardening supplies, vacation huts and house trailers, technical servicing and repair of private vehicles, etc. Enterprises and organizations under various ministries and departments will take an extensive part in this. Many of them are even now providing the public certain types of household, transport, and other services. Their experience demonstrates that there is still considerable untapped potential here. For example, construction organizations will be involved in rendering to the public services in repairing and improving dwellings and in manufacturing and setting up garden huts. Enterprises which make radio and television equipment, household appliances, and furniture may open up their own windows for receiving these goods for repair and servicing, and so on.

Another fundamentally new feature of the Comprehensive Program is that for the first time in economic practice it sets the task of including the entire range of paid services in the system of national economic plans, which will be reflected in a special section of the plan: "Development of the Production and Sales of Consumer Goods and the System of Paid Services Rendered to the Public."

Solving the tasks in the immediate and more remote future to radically improve the production of consumer goods and to satisfy the demand for them requires a further improvement in the management of production and sale of goods and the service sector. In accordance with the Comprehensive Program, at the present time the GKNT, USSR Gosplan, USSR Mintorg, Tsentrosoyuz, Goskomtsen, and the USSR Academy of Sciences, with the help of USSR ministries and departments and the councils of ministers of the union republics are doing the work to create the Nationwide System for Studying and Shaping the Requirements and Demand of the Public for Consumer Goods and Services. The system is aimed at improving the practice of studying and forecasting demands, and its basic purpose is to provide for working out both the directions for optimalization of consumption and the shaping of reasonable needs and demand of the public, including the demand for new goods, as well as the working out of sound declarations and orders by organizations in the trade sector, forecasts of the demand of the public, and assessments of the conditions on the market for goods and services.

Development of the branches in the sphere of paid and gratis services will be directed toward ever fuller satisfaction of the needs of the public for the services of the educational system, health care, diverse forms of housing and

utility services, transportation services, and everyday consumer services and toward creation of better conditions for leisure and meaningful use of free time. Another very important task of sectors serving the public is for them to exert a greater influence toward increasing the work activity and civic activity of the masses. Plans call for linking the development of services more closely to performance of production tasks and to expand the practice of enlisting private resources and also the funds of enterprises built up in accordance with the work contribution of collectives to improve the housing conditions, cultural and consumer services, leisure and recreation of the workers. The forms through which they are used need to be improved so as to take into account the objectively growing role of regional administration of development of the social infrastructure.

In accordance with the draft of the new version of the CPSU Program the volume of resources committed to meeting the requirements of the people are to double over the next 15 years. This also applies fully to resources for development of the branches in the nonproduction sphere, whose activity is mainly directed toward rendering diverse services to the public. To be specific, over the long-range period the task will be set of overcoming the trend toward reduction of the share of the nonproduction sphere in the use of capital investments allocated for economic development. The course will be continued of increasing the relative share of workers in the nonproduction sphere in the total labor force. Resources need to be handled thriftily and managed well, there is a need to guarantee high effectiveness from the social welfare measures outlined, and there needs to be more interlinkage in development of all the parts of the service sector while at the same time a faster rate would be achieved in performing those tasks which have particular social and economic significance.

A priority direction over the long-term period is to solve the housing problem. Plans call for building housing stock in urban and rural localities by the year 2000 that will make it possible, assuming optimum utilization, to provide practically every family a separate apartment with conveniences or a single-family dwelling. At present the annual output of housing open to tenancy amounts to 110 million square meters. The 12th Five-Year Plan calls for building 565-570 million square meters of residential floor space. Over the entire 1986-2000 period at least 2 billion square meters of total residential floor space is to be open to tenancy. Thus to achieve the goal that has been set approximately 135 million square meters of total residential floor space needs to be open for occupancy on an average annual basis.

Achieving that scale of housing construction means sharply increasing the capacity of the construction industry in the coming 5-year period, especially in the republics of Central Asia, KaSSR, and AzSSR. There is also a need to revamp housing construction combines, to increase their technological flexibility, so that they can build dwellings to take into account the size, age, and other characteristics of families, the quality features of dwellings and apartments, and parameters in the architectural layout.

In cities there will be expanded construction of residential buildings with improved layout and finishing of the housing units. Special types of dwellings will be built for the elderly, disabled persons, and families consisting

of several generations. The task is being set of achieving an improvement in the quality of housing mainly by introducing into construction the most recent advances of scientific-technical progress and improving the organization of construction without allowing a rise in the estimated cost per square meter.

In the medium-term period in rural areas the principal housing types will still be the one-, two-, and four-unit dwellings with attached farm plots and an improvement in the level of their amenities.

Plans call for substantially increasing the volume of cooperative and private construction in order to speed up solution of the housing problem. It has even been proposed that broader benefits be given to those trying to improve their housing conditions with their own resources and with the help of state credit. To be specific, it would be advisable to expand the practice of giving aid to the public from the funds of enterprises and to link the amount of that aid more closely to the worker's work contribution. These benefits should also be extended to the entire population. At present, as is well known, they are available only to the workers of those enterprises and organizations where the economic incentive funds exist. Resources for this could be obtained by straightening out the present rent levels on housing units. The rent could be differentiated as a function of the quality of the housing, certain benefits would at the same time be established for population groups with low pay, large families, and so on, which is in line with the principles of social justice.

Another relatively new form of enlisting private resources to solve the housing problem is the extensive development of services for improved finishing of housing units for additional payment. Even by the year 1990 it is assumed that the amount of this work will increase up to 20-25 percent of the total area of residential buildings open to occupancy and financed with state capital investments.

It is becoming very important to improve residential comforts and to see that neighborhoods are fully developed and have stores, schools, polyclinics, children's preschool institutions, and other facilities for providing social welfare and cultural services. This problem will be especially acute in rural localities, where the population has faced considerable difficulties and inconveniences because of the insufficient development of the social and consumer service infrastructure.

In accordance with the reform of the general public school plans call for carrying out major transformations in the system of education and upbringing of the young generation. An important place among them is given to strengthening the plant and equipment of schools and to bring them into line with the standard requirements. The draft of the Basic Directions... outlines a broad program for building new classroom space, which will make it possible to accomplish the transition to the 11-year course of study beginning at age 6, to undertake gradual reduction of class size, and to create conditions for increasing the number of students attending school in the first shift. Improvement of the educational process through extensive introduction of computer equipment and an increase in the time for work training also has great importance to improving the quality of the educational process.

All of this is aimed at improving the preparation of young people for their future working life and to orient them toward selection of a future occupation so as to take into account the needs of the economy. The extensive development of the system of vocational and technical education for young people, which is to become the principal source of skilled workers, is also being subordinated to performing that task. Over the period 1986-1990 vocational and technical schools are to be built to accommodate at least 810,000 students.

Especially important requirements are being advanced under the new conditions concerning higher education, which is expected to react in good time to the demands of production, science, and culture and to train specialists capable of solving in practice the complicated problems of creation and extensive use of the advances of scientific-technical progress. That is why now the principal criterion concerning the operation of VUZ's must be not only the figures on the increase in the number of specialists graduating, but also the degree to which they satisfy the needs of society. It is indispensable to restructure the training of specialists in VUZ's to conform to the requirements of the economy and to be more decisive in opening up promising new specialties and to cease training in those occupations for which the need has already dropped off. Given the present dynamic nature of production, it is advisable to pursue more intensively the training of specialists with a broad background capable of reeducating themselves rapidly and adapting under new conditions.

Important social and economic functions are performed by children's preschool institutions, which are the first level in the educational system. In addition to providing aid to families in the ethical and physical upbringing of children, they are called upon to create the conditions for the active participation in social production of women who are mothers. At present the needs of the public for preschool institutions are being met at a level of approximately 70 percent: 80 percent in cities and less than 50 percent in rural areas. This problem must be solved in the immediate years ahead. There are also plans to improve the conditions for child care and thereby to reduce their morbidity rate, which in nursery schools and day nurseries is still rather high. In RSFSR alone 150 million man-days are lost every year to care for sick children. In addition to other measures, then, it is advisable to make extensive use of the system for awarding bonuses to the personnel of children's institutions so as to take the children's health into account. In a number of departmental nurseries and nursery schools the indicators of children's health and their rate of illness are taken into account in paying the 13th monthly wage and quarterly bonuses to personnel in connection with totaling up the results of socialist competition. Such a system has proved to be rather effective. The morbidity rate of children dropped sharply. This constructive experience should be introduced more widely.

Strengthening the health of the Soviet people and increasing the length of their active life are an important goal of social development. Acceleration of socioeconomic development and intensification of production impose very large and complicated tasks. The draft of the Basic Directions... envisages in the first stage an intensification of the preventive orientation in the system of medical care on the basis of a gradual transition to complete dispensary service for the entire population. It is advisable to pursue this

course not only for social reasons, but also economic reasons, since the prevention or treatment of illnesses discovered in early stages requires far smaller resources than fighting neglected forms of disease. Creation of the economic prerequisites for achieving universal dispensary service requires along with other measures an accelerated development of outpatient clinics and polyclinics to take on the main load. In the coming 5-year period there are plans to activate outpatient clinics and polyclinics to handle 900,000 visits per shift, which is approximately 1.4-fold more than were built in the 11th Five-Year Plan. In rural localities the tasks of disease prevention will be placed on central rayon hospitals, stations with physicians' assistants and midwives, traveling brigades of central rayon and city hospitals, and medical institutes. There will be an increase in the amount of transportation equipment allocated to the health service, including vehicles with cross-country ability.

In the future the conditions will be created for improved treatment of illness in medical institutions which qualify as permanent hospitals. It is a peculiarity of their development that even in the very near future the number of hospital beds relative to population will come up to the standard. But the level of quality of patient treatment does not always meet the higher requirements of the Soviet people by any means. That is why the principal emphasis will be placed not on expanding the network of hospitals, but on bolstering the plant and equipment of hospitals representing the present stock of hospital beds.

Thanks to improved quality and higher effectiveness in treatment average patient stay in the hospital will be reduced, bed turnover will increase, and on that basis there will be a lower need for additional hospital beds. Among these measures an important role is to be played by extensive development of outpatient types of service which can be seen as the principal way of reducing expenditures for inpatient types of care. To be specific, it is indispensable to create the conditions for complete examination of patients in outpatient clinics and polyclinics before they reach the hospital, to strengthen continuity in the work of institutions providing hospital care, polyclinic care, and emergency medical aid. It is also advisable to expand the opportunities for treatment of patients at home.

These are some of the directions which have been outlined in raising the prosperity of the people during the 12th Five-Year Plan and over the period up to the year 2000. At the same time, social welfare policy in the upcoming 5-year period will be aimed at performing other tasks as well. They include improvement of the social security of the population, more aid to families with children and to young families, concern about veterans, creation of conditions for meaningful and active use of leisure time, and so on.

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CONSUMER SECTOR POLICY AND ECONOMICS

SUCCESSES IN ESTONIAN EXPERIMENTS NOTED

Domestic Services Sector

Moscow IZVESTIYA in Russian 24 Feb 86 p 2

[Article by IZVESTIYA special correspondent G. Gukasov: "With Consideration of the Customer's Interests"]

[Text] Recently the enterprises of the Estonian Ministry of Consumer Services concluded the thousandth cost accounting agreement--that is how many foremen are working today in accordance with the new system for the organization and stimulation of labor in practically all basic types of consumer services--in barber shops, in television and footwear repair shops, in shops for the individual sewing of clothing, and in laundries. Their productivity last year exceeded the mean republic level by 36 percent. Neither brigades nor individual workers have unfavorable criticism and complaints from the population, and the profitability of the work of such enterprises is not lower than the standard. Two more figures: thanks to the new form for the organization of labor, productivity in the republic's services sphere increased by 5.9 percent in 1985, and wages--by 3.2 percent.

In the labyrinth of the old city's narrow by-streets I find the new "Yukhendus" consumer services shop enterprise among the great number of advertising panels, trade signs, and shop windows without special difficulty. Opening a massive wrought iron door, I find myself in a tiny room with a small interior. The comfortable 15-meter small room shines with cleanliness and a mirror ceiling expands the space. The goods inspector, Kulike Kolyal, a frail, pretty girl, shows samples of the production--picture postcards, visit cards skillfully made by silk screen printing, and ceramic ornamentation. But she warns immediately that the samples only provide an impression of the form of the articles and the technical capabilities of the shop while the content and ornamental design are dictated completely by the customer.

"In the middle of last year," relates the general director of "Yukhendus," Ants Kaygas, "a student from the second course of the Artistic Institute, Sulo Muldio, came to us and proposed creating his own contract production brigade. We agreed and concluded an agreement."

Having a destroyed warehouse placed at its disposal, the brigade did not begin to wait until, as always happened, "Yukhendus" would send builders for repair and deliver materials, equipment, and implements. They rolled up their sleeves themselves.

The commercial success is mutual--it is tangible for "Yukhendus" as well as for the brigade. Forty-five percent of the profit remains at its disposal. The brigade's concern is for materials, rent for the premises and care of them, and the organization of the matter. "Yukhendus" pays only the accounts directly connected with production. There is no need to speak of economy; it is present from time immemorial in each operation, financial as well as labor. Because everything is paid from the brigade wage fund which, by the way, is distributed in accordance with a labor participation factor. The brigade draws up its work schedule itself, and many orders are filled at home and, it happens, by the entire family from the small to the great. The monthly wage is from 250-350 rubles for each brigade member....

Near the ancient city hall they rented an abandoned door opener, fixed it up, and opened a kiosk. The Fridman brothers, Vladimir and Gennadiy, and their wives--Tiyu and Alena-- are occupied at home with the production of transfers, the very ones which are now sought in the stores by both children and adults. A fifth member of the brigade, Vyacheslav Bersenev, offers them in the kiosk for all tastes: sailboats and automobiles, animals, room pointers in an apartment, and labels for cans with food. Each month the brigade brings "Yukhendus" 2,200 rubles of clear profit.

The Opinion of the Brigade Leader of Lathe Operators of the Tallinn Machine-Building Plant imeni I. Lauristin, V. Kuzminetskiy:

"Such high earnings which the new experiment in consumer services brings to its participants put us on guard. Isn't a broad expanse opened here for various types of smart dealers? We should ponder very seriously before turning on the green light for this innovation."

The Opinion of a Department Chief of the USSR Procurator's Office, I. Protsenko:

"Last September I visited the republic to learn how attractive the experiment in consumer services is for those people who, because of various circumstances, cannot work in production but would fill orders at home with pleasure. And I should say that the experiment actually contains many reserves for improving consumer services. For the agreement permits all members of a family to participate in all labor operations and, let us say, if one assumes the organization of the matter the remaining family members can accomplish all orders brought to them at a time convenient for themselves. And it is not by chance that the finance departments of Tallinn now ask at the consumer services enterprises before issuing a license to a handcraftsman: and isn't a worker of this category useful for them? In order to avoid abuses, the organs of the procurator's office should establish effective monitoring of the measure of the workers' labor participation...."

The Opinion of a Department Chief of the USSR Ministry of Finance, A. Osipov:

We are following constantly and very attentively the course of the experiment in consumer services for the population and, if we speak as a whole, the results are not bad. In Estonia the contractual form best considers the interests of the population, the state, and the foremen of consumer services. Each domestic services worker who is working on contract--and I was convinced of this during my recent trip to Tallinn--is deeply interested in the results of his labor, in his good name among the clientele, and in the high mark of his enterprise not only in word, but also in deed. And, you see, the commercial success of any matter rests on this.

Trade Sector

Moscow TRUD in Russian 12 Mar 86 p 4

[Interview with G. Abramson, chief of economic planning administration, Estonian Ministry of Light Industry, by I. Mogila: "The Factory Rises for the Counter"; date and place not given]

[Text] To trade in goods which they produced themselves--this is the meaning of the unusual experiment conducted in Estonian light industry. It was mentioned in his speech at the 27th CPSU Congress by the first secretary of the Estonian Communist Party's Central Committee, K. G. Vayno. We communicated with the chief of the economic planning directorate of the republic's Ministry of Light Industry, G. Abramson, and asked him to answer our questions.

[Question] Gabriel Maksovich, what is the goal of the experiment?

[Answer] We decided to combine the industry, trade bases, and stores into a single system. What does this provide? Here, for example, the "Marat" knitwear production association has its own company store, also "Marat." It has become a unique laboratory where the customers' requirements are studied. Some article sells poorly? The store contacts the enterprise and this article is immediately taken out of production and replaced by another. For under the conditions of our experiment the association is directly interested in producing products which would not lay on the counters. Comprising a single economic system with the store, it suffers losses if the article does not enjoy demand.

[Question] Why did you decide to conduct such an experiment?

[Answer] The rates of growth in the production of consumer goods dropped in Estonia in recent years. And really, what had been produced began to accumulate on the counters, finding no market. Then, in 1985 we decided to form this unique association of stores and enterprises. It was necessary to put into action an economic mechanism which would put everything in its place: it gave the buyer the opportunity to acquire a quality article, and the enterprises--a profit from their production.

[Question] And what are the results?

[Answer] The experiment is not yet completed, but favorable shifts are already in evidence. The novelties made by our enterprises are being bought up rapidly. Because of this, the rates of retail sales in our company stores increased by more than eight percent. The interest of the salespeople also has an effect on this. For now they are not indifferent as to whether a customer departs with or without a purchase: they receive an increase to their wages for each thing sold with the index "new."

The rates of production also increased. For now the workers know that they are producing a commodity which enjoys demand and they are due a bonus for its sale....

We now have seven company stores in operation. But soon there will be 15 of them. This will permit making a comprehensive study of the mechanism of the close collaboration of production, supply, and demand.

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CONSUMER SECTOR POLICY AND ECONOMICS

EVALUATION OF COMPREHENSIVE CONSUMER GOODS PROGRAM

Moscow EKONOMIKA I MATEMATICHESKIYE METODY No 2, Mar-Apr 86 (manuscript received 3 Dec 85) pp 229-240

[Article by Doctor of Economic Sciences and department chief of TsEMI [Central Econometric Institute of the USSR Academy of Sciences] Professor Natalya Mikhaylovna Rimashevskaya, Moscow: "Economics and Mathematical Modeling--The Realization of a Comprehensive Program for Developing the Production of Consumer Goods and Services"]

[Text] A strategic task of the social policy of the CPSU, as emphasized in the CPSU Program, is the steady improvement of the living and working conditions of the Soviet people in all areas and the provision of a qualitatively new level of national welfare along with that level and structure of demand for material, social and cultural benefits that meets to the greatest extent the need for the formation of a harmonically developed and spiritually rich personality and makes possible the utmost manifestation and all-round realization of the working person.

Along with the Provisions Program, the Comprehensive Program for Developing the Production of Consumer Goods and Services for the Years 1986-2000, approved and adopted by the CPSU Central Committee and the USSR Council of Ministers, is aimed at the resolution of this most important task.

The chief guideline for the undeviating economic and social development of the country is concern for the person with his growing material and spiritual needs. The implementation of the important social programs of preceding five-year plans ensured a significant improvement in the population's standard of living. From 1970 to 1985 alone, with a growth in the national income of 1.8 times, the consumption fund almost doubled and real income increased by 1.6 times, the average wage by 56 percent and the social consumption fund by 2.3 times.

In 1985, the average monthly wages of manual and office workers reached 190 rubles, wages for kolkhoz workers totaled more than 150 rubles a month, and payments and benefits from the social consumption funds calculated per capita increased to almost 530 rubles a year. The value of personal property of the population now exceeds 670 billion rubles. At the beginning of 1985, there were 14 automobiles on the average per 100 households [1, p 106].

At the same time, the level of development of consumer goods and services production does not correspond to the growing needs and aspirations of the people, which weakens the incentivizing role of distribution according to labor, and limits the possibilities for balanced monetary income and expenditures by the population. There are not enough of a number of light-industry products and social amenities that enjoy increased demand, while goods that have no buyers are produced simultaneously. A situation has arisen that could be graphically characterized as "shortage within abundance," where the amount of unsold goods piling up in stockpiles above the standards is increasing, while there are interruptions in the trading of individual types and shortages of stylish products enjoying demand for which all of the necessary resources for production are available. This situation is, to a significant extent, a consequence of the fact that industry, trade and services have turned out to be unsuited for the fundamentally different aspirations of the consumer at a new level of demand, which requires, first and foremost, goods and services of higher quality and in a varied assortment. The simple increase of production volumes and the service network leads only to an increase in the stockpiles of goods and the overabundant offering of services, since the necessary ("first") level of satisfaction of needs, when what is being offered is purchased, is long past. Demand today arises first and foremost "for replacement," and therefore has a substantially new content.

Economic practice, moreover, has not mastered the instruments for a reliable evaluation of growing popular demand under rapidly changing conditions and has not employed modern methods for forecasting demand and popular requirements. Therefore, the development and realization of the Comprehensive Program for Developing the Production of Consumer Goods and Services (KPTU) has a decisive significance in the implementation of a sharp turnaround toward the production of precisely what is needed by the consumer and what he expects.

Taking into account the fact that a doubling of the resources directed toward the satisfaction of popular needs is projected over the next fifteen years, the KPTU envisages an increase in the output volume of non-food goods of no less than 1.3 times in 1990, and 1.8-1.9 times in the year 2000, compared to 1985. The production of light-industry goods will be brought to 103 billion rubles in 1990 and 142 billion rubles in the year 2000, versus 85 billion rubles in 1985, and the production of social amenities and household goods--to 77 billion rubles in 1990 and to 113-119 billion rubles in the year 2000; that is, 2-2.1 times more than in 1985.

The service sector should be developed at a somewhat more rapid rate. The volume of paid services offered to the population in the years 1986-2000 will increase by 2.1-2.3 times, including by 1.3-1.4 times in the 12th Five-Year Plan.

The realization of the KPTU aims to provide for a raising of national welfare and to create conditions for the fuller satisfaction of the rational needs of every Soviet person and for the all-round harmonious development of the personality and the improvement of the socialist way of life. In this regard, the KPTU takes into account the progressive changes in the makeup of needs, where an ever growing portion of household spending will be aimed at

satisfying popular aspirations for comfortable living conditions, at the preservation of health and the improvement of leisure, and at providing for a well-equipped day-to-day life. Goods and services associated with the satisfaction of social and spiritual needs and with amateur pursuits in free time will occupy a substantial position in the demand structure. Everything that reflects a qualitatively different and higher level of consumption will have priority significance. The production of those consumer benefits (goods and services) that are intended for the satisfaction of less urgent and more elastic demands of the population will grow at the most rapid rate.

One of the central tasks of the KPTU is the utmost improvement in the quality of the goods produced and services offered. This task will be resolved with the broad utilization of scientific and technical progress by way of improving technology and technological processes, renovating equipment, applying the newest and highest-quality types of materials and incorporating modern organization in production and the working environment along with high labor qualifications. Only in the aggregate can all of these conditions provide for a sharp increase in the technical and aesthetic levels and the operational reliability of consumer products and popular comfort services across a broad range of demand.

A number of theoretical and methodological questions arise, however, that flow directly from practice and are associated with modern approaches to the determination of the quality of goods and services.

The quality of goods today is not only their soundness (wear resistance, the fulfillment of consumer functions without breakdown), determined by specific technological parameters. The attractiveness of consumer products, their correspondence to style and aesthetic tastes and the presence of new features are no less significant. What is more, in the modern conception the quality of attractiveness is even more important than soundness, especially when taking into account the rapid rate of goods turnover. In this sense, in planning a specific new product the factors of wear and obsolescence should be correctly combined, keeping in mind constantly that there is no need to produce goods to last "for all eternity," which goods, as a rule, require greater consumption of all types of resources. The optimal case is where the time for physical wearing out approximates the time for obsolescence for the article produced.

Goods that are of low quality from the point of view of society and have not found buyers are a direct loss. These goods "settle in" (remain unsold) either in the producer's warehouse or (as occurs more often) in the trade network, which is much worse, since this causes more negative consequences including additional expenditures on transport and in the area of turnover. Unmarketable and low-quality goods are an immobilization of social resources. A low-quality good (most dangerous here are goods with "hidden" defects that fail some time after the consumer has acquired them) is a loss that is elevated to an extent for the consumer, insofar as its acquisition is moreover associated with a negative emotional and psychological reaction and requires additional efforts for repair or the purchase of a new one. An extreme reaction in such cases is the consumer's decisive refusal to acquire the product, which entails clearly negative economic and social consequences.

"Raising quality," writes Academician A. G. Aganbegyan, "is the only reliable way of overcoming shortages in the economy" [2, p 19].

One measure in the struggle to raise the quality of consumer goods is the restoration of the original concept of the guarantee, which should accompany every technically complex product, offering not a guarantee of repair, but a guarantee of the operation of the article over the stipulated time period without breakdown.

The higher the standard of living, the more multifaceted and differentiated the requirements of the population for specific goods and services. Along with a substantial increase in their quality of production, a broad diversity in product mix should be ensured that satisfies the aspirations and interests of various socio-economic groups of the population residing in various regions of the country and in both cities and towns.

The following should become priority social areas in the sphere of developing the production of goods and services for the population: the expansion of the production of goods for children, as well as services associated with the upkeep and upbringing of the growing generation; an increase in the production of goods and the development of the systems of services devoted to satisfying the needs and care of the elderly, invalids and those suffering from chronic serious illness; an increase in the production of inexpensive but sound types of goods and paid services intended for relatively poorly provided-for segments of the population.

Under conditions where the principal source of workers' income in the foreseeable future remains wages for labor, a differentiation in wages and household income is inevitable, which objectively surmounts, at any average amount level, the existence of some portion of less provided-for and some portion of highly provided-for population groups [3, p 79]. It is apparent that the structure of demand for goods and services in these groups is substantially different in both the quantity of benefits required and their specific composition. These connections and interdependencies have a deeply objective character and should consequently be taken into account in composing demand forecasts and production plans for consumer goods and paid services.

An analysis of the dynamics of wage and income differentiation makes it possible, with the aid of special methods, to carry out quite precise calculations of the anticipated number of low, average and highly provided-for households in the plan period. Thus, the proportion of population groups with incomes greater than 200 rubles a month per household member, reflecting that level of welfare at which the relatively free choice of goods and services is possible, will more than double in 1990 compared to 1980. The corresponding changes in the structure of effective demand for goods and services should also be anticipated, and in particular an increase in the proportionate share of goods satisfying more developed requirements, as well as in the sphere of paid services.

As shown by the results of research, a continuous increase in the proportion of households with a high level of per-capita income is taking place. Their spending on the purchase of goods is relatively (and, moreover, quite

substantially) less than in households less well off, the number of which is declining. The trend of a decline in spending on the purchase of goods can be determined from two angles: on the one hand, the overall regularity of the decrease in this proportion in households with a stable income level, and on the other, the increased proportionate share of well-off households for which the total spending on goods is relatively less. This involves a growth in popular aspirations for varied services. In any case, the higher the level of the satisfaction of needs, the broader the basis for the manifestation of individual distinctions in product preferences. The richer a society is, the more significant and extensive are the differentiations in the desires of its members: "When demand is not developed (in peoples with a comparatively low level of production and among the poor in a capitalist society), there are many more immediate similarities among various people, than when demand is developed. This is natural, insofar as undeveloped demand reflects only the striving for an extremely narrow circle of the most necessary benefits of life" [4, p 82]. From this stems the objective problem of the need for a variety of goods and services and for expanding the production of new types of products and methods of serving the population. The mix of products and services begins to play a decisive role in resolving the tasks of satisfying popular demand.

The expansion of a varied product mix assumes the production of goods and services in a structure of targeted complexes directed toward the satisfaction of specific or functional requirements [5, p 41]. For example, to cover the need for leisure or tourism, an infinitely broad collection of consumer benefits and services is needed that takes into account various population groups and segments, from children to the elderly, rural and urban dwellers, households at differing levels of material well-being etc.

It is apparent that a matrix approach is needed for the development of product-mix programs where the major demand aggregates are divided along the rows, and the basic types and groupings of consumers are placed along the columns. This matrix guarantees the completeness of the planned product mix.

The resolution of the tasks of the KPTU directed toward the utmost increase in production, the expansion of the product mix and the raising of the quality of consumer goods and services for the population is possible only by accelerating scientific and technical progress and actively utilizing its results. At least two areas of influence of scientific and technical progress on the sphere of the production and sale of consumer benefits (goods and services) can be formulated. One of these is associated with the creation and development of new forms and methods for satisfying the functional requirements of the population that are more efficient from the social and economic points of view; that is, the production of new goods and the offering of new services. If the discussion concerns the requirements for movement, then one can speak of new types of transportation (for instance, moving sidewalks) or of traditional types with fundamentally different qualities (for example, electric cars). It is very important that new products or services possess improved consumer features: functional, social, ergonomic, economic and aesthetic.

The second area assumes the more efficient production of products and services in demand. Using the accelerated incorporation of the achievements of scientific and technical progress, it envisages the rational utilization of capital investments for the reconstruction of existing enterprises and the erection of new ones with sharply reduced time periods for the construction and assimilation of production capacity, as well as the expansion and qualitative improvement of the raw material base and the economical utilization of all raw-material resources, broad-scale use of chemical processes in production and the incorporation of modern types of equipment. The fundamental renovation of process equipment incorporating automated, flexible and highly productive machinery systems with the application of robot-technology equipment and microprocessors has decisive significance.

The KPTU envisages the expansion of the material and technical base and the incorporation of progressive forms of organization in trade, public catering, welfare, communal housing, transportation, tourist and other types of services for the population. An especial role in this process belongs to industry institutes and dedicated scientific and technical programs oriented toward the creation of new types of consumers benefits and promising technological processes for their production.

The KPTU views consumer benefits in an industry perspective. Thus, it singles out articles of light industry and the production of social amenities and household goods. A clearer industry character is manifested in the area of services: domestic services, passenger transport, communications, communal housing, services for cultural institutions, tourist, physical-fitness and sports, resort and health-institution services, profit-and-loss treatment institutions, legal services, and state insurance and savings institutions. But insofar as the final aim of the KPTU is the fuller satisfaction of needs, we should transform the industry approach into a "demand" one, so as to look at the structure of goods and services from the position of the needs and aspirations of the population, which are a strictly interconnected system and at a high level of aggregation are the total expression of individual and social preferences [6]. Individual components of this system (having an integrated character) are not interchangeable, and the fuller satisfaction of certain requirements does not compensate for the lack of satisfaction of others. This is apparent, if such aggregates as food, housing, the preservation and restoration of health, transportation etc. are reviewed.

desides the internal organic entity of the vector of requirements in the sense that every stage of economic development and level of welfare is characterized by a definite structure of consumer requirements, we should take two other fundamental circumstances into account. In the first place, the interchangeability of specific goods and services in satisfying one functional requirement. In reality, there is always an alternative before the consumer: make use of a paid service or acquire that product (good) that makes it possible to consume under conditions of "self-service." The need for transportation, in fact, can be satisfied with the aid of a private automobile or with public transportation, and the requirement for obtaining information, for example, by viewing pictures in the theater or through a private video recorder etc. Moreover, "attendant" services arise when the use of certain products brings about the necessity for specific types of services. This is

manifested especially distinctly of late in connection with the expansion of the private automobile fleet, which increases popular demand for automobile service. The failure of planning organs to take this into account is leading to the proliferation of "private auto service," which accounts for, by some estimates, approximately 60 percent of the total amount of automobile repair service in the country [1, p 112].

The situation is such that over the 1980-82 period, the fleet of private passenger cars grew by 22 percent, while the value of auto service sales calculated per unit of the fleet by only 13.9 percent [1, p 108].

In the second place, in a review of the structure and dynamics of popular needs, it is necessary to take into account the possibility of the mutual "overlap" of paid and free services depending on changes in the distribution policy. Thus, in recent decades we observe a clear shift toward a decrease in payments for communal housing services, even though the expediency of communal housing in and of itself is indisputable. Therefore, an "inverse" situation is also possible which, by the way, could have an effect not only on communal housing, but on culture, leisure, health care etc. (Footnote *) (The social experiment on the comprehensive resolution of youth problems with the aid of building youth residential complexes (MZkK), conducted in Kaliningrad, Moscow Oblast and in Sverdlovsk, especially testifies to this.) Consequently, the sharp isolation of the paid service sector from the free sector in reviewing the overall structure of consumer benefits from the position of the individual possessing a single system of requirements is not efficient.

In this manner, the industry perspective for reviewing consumer benefits can be transformed into a "demand" one, utilizing an expanded demand category. (Footnote **) (Equivalent to expanded demand is the total demand for goods and services, but it is structured according to basic functional needs.) Expanded demand encompasses all benefits, regardless of whether they have a physical form or take the effective form of socially useful activity; are sold on the basis of monetary trade relationships or omit them; are distributed between individual employees on the principle of labor equivalence or without regard to direct dependence on labor, but depending on needs that have arisen; and, are associated with individual or collective methods of satisfying demand. If the benefit created in the society is directed toward the immediate satisfaction of the needs of people and the corresponding demand can be personified, then that benefit is part of the expanded demand.

Expanded demand makes it possible to review its structure within the bounds of a unified vector of population requirements and find changes in this structure over time which integrate the effect of individual and social preferences. Expanded demand, moreover, makes it possible to obtain, for individual types of functional requirements, the ratio of: a) benefits and services; b) paid and free services; and c) collective and individual forms of demand (see table).

The Structure of Expanded Demand

(1)	(2)	(3)	(4)
Category number	Needs	Consumer benefits in physical form	Services
		(5) (6) Total consumer need KPTU (7) Consumer need (8) G-II	(5) (6) Total service need KPTU (7) Consumer need (8) G-II
1. (9) Household needs			
2. (10) Other population needs			

Key: 1--category number; 2--need; 3--consumer benefits (in physical form); 4--services; 5--total; 6--including from: 7--household budget; 8--OPD [social consumption fund]; 9--food; 10--clothing and footwear.

An analysis of dynamic series constructed on the basis of this table makes it possible to discover the effect of individual factors that influence the overall structure of requirement satisfaction. (Footnote ***) (Such series were constructed for the USSR for the period 1960-83; analogous evaluations, moreover, exist for other countries as well.) Only on the basis of such an analysis can substantive forecasts of the demand for goods and services, especially for the long term, be formulated. In the elaboration and detailing of the KPTU as applied to the five-year plans, it is necessary to utilize the structural correlations that arise in the expanded demand system that actually reflect the true dynamics of the requirements vector.

The correct foreseeing of the development of requirements and the determination of population demand have great significance for the realization of the KPTU.

Effective requirements can be reviewed, researched and should be estimated in three areas as a minimum: on the macro- and micro-demand levels and from a regional perspective.

In the area of macro-demand, efforts today should be directed chiefly toward knowing how to evaluate the requirements of various social and demographic groups and population segments: households at various levels of material well-being, urban and rural populations, children and youth, elderly and invalids, young households and employees in various professions. The practice of orientation toward the average consumer is obsolete, and therefore the planning of goods turnover cannot be limited to just average consumers as well; it should take into account to the utmost the differentiated data on the incomes and needs of households. It is apparent, after all, that the effective demand of individual social and demographic groups of the population differs substantially by macro-structure; that is, by the correlation of goods and paid services, food and non-foods products, clothing, social amenities and household goods. These distinctions in consumer orientation and hierarchies

of requirements should be reflected to the fullest extent in our yearly, five-year and long-term plans.

Modern science offers two types of appropriate tools for this. One is a differentiated breakdown of population incomes and consumption (DB), which makes it possible to take into account specific features of population demand formation depending on the level and differentiation of incomes, region of residence and household social classification [7, 8]. Methodology and techniques were developed for constructing accounting and planning DBs using procedural information at the disposal of our statistical organs. The necessary computer models, algorithms and programs exist for carrying out the corresponding calculations. A DB has been constructed for the USSR overall along with a number of republics, economic regions, oblasts and cities. This entire arsenal must be more broadly utilized in statistical and planning practice.

The second type of practical tool for an improved determination of the macro-structure of population demand is consumer typology, for the discovery of which methodological solutions have already been worked out [9]. This tool makes it possible to account for a more detailed consumer structure than that envisaged by a DB, and their interconnection makes it possible to resolve the new economic-planning tasks that stand before economic-management practice.

The situation is different in the area of research of micro-demand, that is, the demand for individual models or varieties of goods and studying the demand and consumption of population micro-groups, for which there is still no continuous flow of statistical information. But it is impossible to say that micro-demand is not being studied at all in our country. On the contrary. There exists an entire system of demand services (6,500 in trade and 2,000 in industry); polling is being continuously conducted of consumers and the members of consumer panels, and operational information, exhibition and sale data and expert opinions are being analyzed. Techniques for exploiting and processing the data from consumer panels have been created. Notwithstanding all of this, a trustworthy information system on population micro-demand is lacking nonetheless. Only in rare instances is information on popular preferences applied in composing forecasts, planning production and selling goods. One reason for the resultant situation is that the collection of information on micro-demand is a labor-intensive and expensive process. After all, data is needed on the purchase and consumption of a broad range of goods and their distinctions along with the preferences and intentions of the most varied of consumers. This requires the conducting of special selective research and observation. Practice shows that considerable effort is associated with the regular collection of micro-demand data for only two or three groups of goods, even with such well-organized forms of information collection as, for example, consumer panels. Labor intensity in many cases hinders the regular collection of micro-demand information. This is not, however, the chief obstacle to creating a micro-demand information system. Many key problems have not been resolved today in micro-demand research.

Until now, the objective of micro-demand research has been relatively limited and unilaterally determined. As a rule, attention has been focused on determining the subjective and open-market perspectives of demand: the

opinions of consumers, their intentions and attitudes toward the proposed types of goods, unsatisfied demand etc. The experience of Soviet and foreign research shows, however, that consumer opinions and evaluations are not a trustworthy guideline for further market development. The level of realization of consumer intentions varies only within a range of 2-12 percent. This is caused, in the first place, by the fact that any kind of evaluation, opinion, dissatisfaction etc. (a basic opinion is consumer intent) most often has an unfixed nature. At the very least change in the circumstances and objective conditions, the evaluations as applied to a specific situation are immediately transformed.

In the second place, it has been discovered that consumers are not able to evaluate adequately the state of the market. A situation occurs quite frequently where the market is saturated with a certain good, but consumer intent according to polling data is nonetheless high. If production and trade is oriented toward demand according to this data, then it is quite apparent that products will remain on the store shelves.

In this manner, it is impossible to extract objective trends in the development of popular demand from the subjective evaluations of consumers. Consumer opinions, preferences, intentions and dissatisfactions are unreliable as secondary characteristics for the evaluation of popular demand.

In order to discern the true regularity of micro-demand development, other research logic and techniques for studying it are needed. It is necessary to switch over from the study of the consumer of a specific good to research on the consumer in the consumption process. This signifies that instead of an analysis of detailed and open-market perspectives in the purchase of an individual product, it is necessary to find the integral structure of consumer behavior. The study of various questions is needed here. How are they formulated? In what conditions and in what environment? According to what rules do the price orientations, tastes and preferences of various types of consumers develop? Consumers live under various conditions and have differing needs structures. It is necessary to discover what conditions engender any type of requirement and what level of consumption they cause.

Thus, with regard to clothing, the resolution of the following tasks is envisaged:

- the creation of a system of indicators and an information bank for analyzing and forecasting dynamic consumer behavior;
- a deep analysis of the consumer and the discernment and researching of their various types;
- the development of specific market tactics with regard to planning the production and sale of various types of outer clothing styles; the formulation of short- and medium-term forecasts;
- the development of a strategy of production and sale of various types and styles of outer clothing; the formulation of long-term forecasts;

--the creation of a market management concept and its incorporation into practice.

The tasks of studying micro-demand on a nationwide scale is in need of the most serious attention. The conducting of small, local polls relating to the purchase of individual goods should be limited in every way possible, with attention concentrated on the solution of key problems.

The prospects for the development of micro-demand research depend upon how much this research is oriented toward the study of topical and substantive aspects of consumer behavior. Necessary for the transition to a qualitatively new level of study of this problem of applied science are:

- a theory, methodology and corresponding methodological tools for studying micro-demand;
- an extensive empirical base and a specialized information bank, reflecting the regularity, invariance and basic conformities in the variations and development of micro-demand;
- basic computational indicators of micro-demand and the state of the market that ensure balanced supply and demand.

The successful transformation of the KPTU into reality requires a deep and all-round knowledge of the laws of the development and formation of consumer requirements. The sole source of government statistics, on the basis of which requirements can be discovered, are the household budget surveys, the number of which now has reached 62,000. An analysis of the information obtained with the aid of household budgets, by the way, shows that it is far from perfect and is neither representative of individual regions nor of the country overall. Why is it that such continuous observation is so inefficient, and that the data obtained from it cannot be used immediately in planning practice and rather fulfills only a supporting function?

The answer has long been known.

The principal source of data on population demand is materials from the household surveys conducted by the USSR TsSU [Central Statistical Administration], the network of which is growing continuously, preserving essentially unchanged the principles of its organization that were formed in pre-revolutionary household research: the monographic method of survey and the "budgetary class" selection of households.

Over the course of its existence, a number of negative phenomena have been found in the budget network in the nature of the information obtained that make ever larger the discrepancies between budget statistics and the needs of economic-planning practice, the causes of which can be formulated in the following manner:

- the "budgetary class" principle of household selection used by USSR TsSU violates the requirements of any selection--the correspondence of a unit of selection with a unit of observation--and leads to systematic error;
- in "budgetary class" selection, enormous population segments are in effect deprived of the possibility of being selected, which produces a distorted representation of population incomes and demand overall;
- a consequence of "budgetary class" household selection is the unrepresentative nature of the data obtained for individual republics and oblasts of the country;
- the relative stability of the existing budget network leads to deviations in the make-up of the selection from the general aggregate due to the "aging" of the observed households and the variations in their structures and requirements associated with this;
- the observation program is exceedingly cumbersome and rules out the possibility of any expansion with the aim of obtaining efficient answers to specific questions that constantly arise in practice in studying the standard of living of the population;
- the effectiveness of the data obtained is extremely low, which is associated with the "through" (everyday) method of "taking" household indicators.

As early as the 1960s, the so-called instantaneous observation method (MMN) was proposed in the Soviet Union for surveying consumer budgets. Research conducted by the NII [Scientific Research Institute] of Labor, the NIEI [Scientific Research Institute of Economics] of USSR Gosplan, the NII of USSR TsSU, TsEMI, the IE AN ArmSSR [Institute of Economics of the Academy of Sciences of the Armenian SSR] and others has proven in practice the correctness of the theoretical premises at the basis of this method and the efficiency of the application of MMN for the mass study of consumer budgets [10, pp 38-52]. A positive feature of MMN is the flexibility of the survey program, the content of which is easily changed without additional expenditures.

To obtain representative data using MMN, it is necessary first and foremost to select a registration period for expenditures on various groups of products. A special technique was developed at TsEMI for registering the expenditures for goods with various rates of acquisitions [11]. An analogous approach is used in other countries, and in France in particular.

Incorporated in the KPTU was the task, global in scope and invaluable in its practical significance, of creating a nationwide system for studying and formulating the needs and demand of the population for consumer goods and services.

The difficulties arising in the development of such a system were two-fold. They were first and foremost organizational, associated with the fact that in essence almost all ministries and many departments take part in the production and sale of goods and services on both the national and republic levels. A large role in this common national cause also belongs to the local organs of power--the soviets, which organize, plan and monitor the work of a large sector of the economy called upon to serve the population. Therefore, for the creation of a system in accordance with modern requirements and utilizing the newest technology and techniques intended for the resolution of tasks of a nationwide character, serious nationwide resolutions are needed.

A second difficulty concerns the theory and methodology of studying and formulating the requirements and demands of the population that can be put at the basis of the development of this system. It is impossible to say that the indicated questions have not received the attention of economic science. There exist publications and corresponding research on this topic by individual authors and scientific collectives. They have, however, an uncoordinated and local character, and in order to become the basis of the planned system, should pass through a stage of serious summarization and integration as well as the study of individual areas with the aim of eliminating weak spots.

A nationwide system of studying and formulating the requirements and demand of the population for goods and services should be based on a unified scientific theory and methodology of analysis and forecasting of the whole complex of requirements. The development of the scientific-methodological and social aspects of the problem of formulating the requirements of the population, taking into account the development of various spheres of the vital activities of people and scientific recommendations for strengthening the role of demand forecasting in the planning of the production and sale of consumer goods and the further development of services, is necessary.

Great significance is assigned in the program to questions of improving the administration of production and the sale of consumer goods and services. The economic mechanism is undoubtedly a basis of administration. Its further improvement is envisaged along with an increase in the vested interest and responsibility of enterprises and organizations of industry, trade and services for the fuller satisfaction of the requirements and demands of the population. A series of important positions have been formulated on evaluating the economic activity of enterprises that produce goods and render services for the population, on developing the general plans for managing service sectors, on the practice of long-term agreement between trade and industry as the basis for composing yearly and five-year plans, and on strengthening incentives for producing goods of improved quality in the required assortment.

At the same time, it is apparent that the positions noted are in need of further concretization and detail. In this regard, I would like to dwell on some questions and formulate a series of recommendations.

First and foremost, the planning and economic incentive system must be transformed in such a way that it orients industry toward that increase in the

total volume of production that takes into account the popular need and demand for it. With this aim, the economic incentive funds should be formulated depending on the fullness of the regard for orders of trade and economic agreements and the fulfillment of the latter not only in total volume, but by product mix, quality, delivery time and other conditions of the economic agreement.

In order to stimulate growth in the production of new and shortage goods, increased growth in deductions to economic incentive funds should be ensured for overfulfillment of the delivery of those goods stipulated in the agreement whose demand is not fully met. But the effectiveness of economic sanctions for violating these agreements must be increased by introducing fines for violations of the principal conditions of the agreement by industrial enterprises (just as for the groundless refusal of ordered goods by trade enterprises and organizations). They should be paid out of the profits of the industrial enterprises with the simultaneous reduction, by an equal amount, of the deductions to the economic incentive funds.

Strengthening the incentive role of wholesale prices for new products by differentiating them depending on the extent of the innovation of the product has especial significance. It is proposed that 5 groups of "innovation" be established and that prices between the lower and higher groups be differentiated by no less than 200 percent. Additional profit obtained as a result of raising the wholesale prices of new goods, as well as goods of improved quality (fully or partially--depending on its size), is directed toward expanding the production of these goods and for incentives for the employees occupied with their production. In order for this proposal to be sufficiently effective, it is necessary to simplify the procedure for "accepting" a new product and establishing a price for it by sharply reducing the number of levels of authority taking part in the resolution of this question.

At the same time, it would be expedient to expand the practice of reducing wholesale prices for goods that are unmarketable, of low quality and for which there is no demand, increasing the permissible size of this reduction to 50 percent of the initial wholesale price level. It is sensible to direct the financial resources withdrawn from industrial enterprises as a consequence of this toward the formation of a fund for discounting unmarketable and stale goods. These measures are effective only given a substantial simplification of the procedure for discovering goods of limited demand and permitting the "base" retail trade enterprise to transmit immediately its proposals for reducing wholesale prices to the appropriate republic state pricing committees, bypassing republic trading organizations. It would be expedient to grant the right to incorporate such proposals as limited-demand goods are detected, and not once a quarter as is now in effect. The unmarketable-goods discount fund is formed by deductions from the profits of the industrial enterprises that produce the goods, and these deductions are added to the discount fund formed from trading profits.

The core of the KPTU is its dedication to the satisfaction of effective popular demand as one of the chief socio-economic tasks in the development of the country in the upcoming five-year plans on the basis of achieving a stable

balance of the supply of goods and services and the demands of the population both in volume and in structure. Only by eliminating shortages in goods and services can a general balance be achieved in the development of the economy and its efficiency be raised. But this task cannot be finally resolved without a consistent policy in the sphere of retail prices and the improvement of the system with the aim of more fully reflecting socially necessary expenditures and the quality and demand characteristics of goods and services in their prices. The correlation of prices for various groups of goods with a regard for economic and social factors is in need of serious alteration. As regards the reduction of prices for individual goods and services, it requires a reduction in cost on the basis of an increase in the efficiency of their production and the accumulation of the necessary trade and financial resources.

We have hardly touched on all of the questions associated with the realization of the KPTU. The development of scientific problems arising in connection with it is a matter for the large collectives of scientists in the most varied areas of science.

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CONSUMER SECTOR POLICY AND ECONOMICS

TSENTROSOYUZ OFFICIAL ON FUTURE CHANGES FOR TRADE SECTOR

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[Article by V. Nesterenko, deputy chairman of the Governing Board of the Central Union of Consumer Cooperatives: "New Demands--New Tasks"]

[Text] In the current five-year plan, special stress in the activity of cooperative trade was laid on the more active participation in the solution of social and consumer questions of life in the village as an integral part of the realization of the Food Program of the USSR. The cooperative societies were given the task of satisfying more fully the demand of rural inhabitants for goods and services and to implement measures aimed at the creation of the maximum of conveniences and the economy of time of the customers.

The organizations of consumer cooperation have taken measures to strengthen the links with industry in regard to questions of increasing the volumes and the expansion of the production of goods needed by rural inhabitants and the increase of their quality. Greater activism was injected into the work on the search and involvement in circulation of additional commodity resources.

During the past years, the network of retail trade and public catering enterprises has been actively developed and forms of trade services for the inhabitants of the village have been improved. The material base of general merchandise and specialized warehouses, storehouses for potatoes, vegetables, fruit, and refrigeration capacities has been strengthened, the supply of the retail network with goods has been improved, and the level of mechanization and the technology of the movement of goods has been raised.

According to preliminary data, in the 11th Five-Year Plan capital investments in the cooperative trade sector came to 3,568 million rubles. Through construction and reconstruction in stores, 2.644 million square meters of new trade areas have been introduced and the provision of the population being served with them increased from 180 to 202 square meters per 1,000 inhabitants. Some 2.379 million square meters of space in general merchandise warehouses were put

into operation and the capacity of refrigerators with machine cooling and potatoe-vegetable-fruit storehouses has been increased. Two hundred thirty-eight stores and warehouses for trade in lumber and building materials were built, as well as 187 gas stations.

The growth of the cash incomes of the rural population, the increase in the volumes of production and expansion of the assortment of goods being supplied, as well as the organizational measures being undertaken, have made it possible during the 11th Five-Year Plan to attain in cooperative trade higher rates of growth of the sale of goods per capita compared with the state trade. Characteristic is the fact that this growth was accompanied by the rapid increase of the sale of lumber and building materials, cultural, consumer and household goods, and consumer durables.

Thus, during the 5 years the sale of building materials, cultural, consumer and household goods, and consumer durables in cooperative trade increased by a factor of 1.9, including significantly larger sales of timber, cement, slate, rolled metal products, brick, lime, alabaster, building stone, tile, and other local materials, fancy goods, furniture, and carpet goods, publications, radio articles and toys.

As a result of the development and strengthening of the material base of trade and public catering and the securing of higher rates of growth of the retail commodity turnover of consumer cooperatives compared with state trade in the 11th Five-Year Plan, appreciable successes have been attained in the solution of the social and consumer questions of life in the village. This is indicated by the fact that at the present time the difference between the average annual purchases of the inhabitant of the city and the inhabitant of the village has been reduced. Simultaneously a forerun has been created for the more active participation of consumer cooperation in the realization of the social part of the Food Program of the USSR in the 12th Five-Year Plan.

We are now faced with a great deal of work in regard to the change of the structure of the retail commodity turnover in connection with the measures being taken to overcome drunkenness and alcoholism. In essence it is necessary to form a fundamentally different structure of consumption of the inhabitants of the village and to sharply increase in it the proportion of consumer durables and household goods, articles and mechanisms that facilitate the work connected with taking care of subsidiary farming, cattle and poultry, and the proportion of services.

In what directions is it planned to change the structure of the retail commodity turnover of cooperative trade? Above all, it is envisaged to limit the number of retail trade and public catering enterprises selling alcoholic beverages and to reprofile those enterprises from which the indicated articles are withdrawn from sale, as well as the wine-making enterprises of consumer societies, to significantly increase, in commodity turnover, the share of processed and maximally ready-to-use food products, consumer durables, and household goods, articles and mechanism that facilitate the work connected with taking care of subsidiary farming and poultry, and there must also be an increase in the services provided to customers.

A great deal of what is envisaged has already been put into effect. Thus, the number of trade and public catering enterprises in consumer cooperatives, where alcoholic beverages are sold, has decreased almost twofold after 1 June 1985. In the stores, from which alcoholic articles have been withdrawn, trade in soft drinks and juices, vegetables and fruit, canned goods, culinary and confectionery products, and conveniencefoods that are being turned out by the public catering enterprises has been organized.

During the second 6 months of 1985, 110 million rubles worth of agricultural products--250,000 tons of fresh fruit and berries, and 152,000 tons of grapes--have been sold in excess of the plan to cooperative stores at contract prices. In stores for trade in daily necessities, the group of non-food products, including agricultural implements and household articles, has been expanded. Good results have been achieved where people have not taken a formal approach to questions of changing the assortment of products being offered to customers and where people involve the available commodity resources actively in commodity turnover. For example, in Pskov Oblast there was even an increase in commodity turnover after the withdrawal of vodka products, by virtue of the measures taken in stores with respect to the sale of daily necessities.

In the public catering sector, the re-specialization of beer and wine bars and other enterprises which had traded in alcoholic products is spreading. Tea houses, cafeterias, fast-food enterprises selling pirozhki (pies), croquettes, pancakes, chebureki, etc. are being opened. The kitchen equipment of restaurants is being used to increase the output of convenience foods, culinary and confectionery products. As a result, there is an increase in the sale of their own production through a specialized network and grocery stores. During 6 months, enterprises of public catering of consumer societies produced and sold 170 million rubles worth of their production in addition to the plan.

In connection with the cessation, in 1986-1987, of the production of fruit and berry wines and the reduction in the output of grape wine at the present time, a reprofiling of wine-making factories has begun in cooperative industry. Already during the current year, 51 enterprises out of 324 plants and shops have stopped the production of alcoholic products. The remaining ones will be transferred to the output of other production within the next two years. One hundred thirty-nine of them will produce nonalcoholic beverages, 54--canned goods, 33--natural juices, 15--confectionery products, and 17--sausage products. The output of candied fruit, ice cream, fruit powders, extracts and concentrates is being started. As a result of the reorganization, already in the second 6 months of 1985, 85 standard cans of canned goods, 130,000 decaliters of apple vinegar, 900,000 decaliters of nonalcoholic beverages, and 1,000 tons of dried fruit were produced in addition to the plan. The production of fruit and berry wine was reduced by 40 percent.

Along with the important changes in the assortment of the food products being sold to the rural population, a great deal will have to be done to increase the volumes of the sale of non-food products.

It should be noted that in recent years there has been a significant increase in the saturation of the rural market with many consumer products.

Statistics show that on the average the wardrobe of a village inhabitant today contains, for example, more than 20 different types of sewn and knitted wear and 6 pairs of leather footwear. Out of every 100 rural families, 86 have a television, 90--radios, 74--refrigerators, and 81--bicycles and mopeds. However, rural customers make increased demands not only with respect to assortment and quality, but also with respect to the conditions of their sale. And we should take these demands into account in the further work on the development and specialization of the network. The more so as non-food products still occupy an exceedingly modest share in the structure of commodity turnover of cooperative trade. Given the projected growth of retail commodity turnover in the 12th Five-Year Plan by 22 percent, we are faced with the task of securing a rate of growth of the sale of non-food products which is one and a half times higher than the average rate of growth of the total commodity turnover. It is necessary to intensively develop trade in such consumer durables and household articles as lumber and building materials, cyclesport articles, household chemicals, etc.

The solution of the problems of developing paid services to the population that are offered by organizations of consumer cooperatives must occupy a special place. Their volume must grow during the five-year plan no less than twofold. Along with the traditional services, plans call for the organization of the hire of agricultural implements, dining-room plates and dishes, the processing of agricultural products on share principles, the slaughtering of cattle, etc.

Ways of solving these tasks in the long run were set forth by the second meeting of the council of the Central Union of Consumer Cooperatives, which took place in June 1985. It is a question of the further development of the material base of wholesale and retail trade, the organization of the supply of commodities to trade enterprises and the formation of their assortment, the use of progressive methods of trade services to the population, and the strengthening of the work with industry and in involvement in turnover of the goods needed by the rural inhabitants.

In the forthcoming five-year plan, it is planned to direct 4.137 billion rubles into the development of the material base of cooperative trade, which is 69 million rubles more than was expended in the 11th Five-Year Plan. Distributive refrigerators with a capacity of 107,000 tons, a storehouse for potatoes, vegetables and fruit--357,000 tons, general merchandise warehouses with an area of 2.92 million square meters, store-bases for trade in lumber and building materials--600,000 square meters, public catering enterprises with space for 232,000 places, and other stores with a trade area of 2.7 million square meters will be put into operation.

Until recently, the retail trade network developed primarily through the construction of large general and specialized stores in rayon centers and large villages. Such distribution promoted the securing of a concentration of goods in a broad assortment in the large trade enterprises and at the same time not infrequently led to the impoverishment of the assortment in the stores of remote and small villages, compelling the inhabitants to travel to the rayon centers for goods, at times basic necessities and consumer goods.

Taking this into account, basic attention in the planning of the development of the material base will be given to the construction of stores in settlements

with 100 and more inhabitants. Previously it was considered expedient to open stores where no fewer than 200 persons were living, since the trading area of newly built enterprises had to make up 100 square meters and more. Now permission has been given to build stores with a trading area of 56 square meters. During 1986 to 1990, it is planned to build or reequip stores in 20,600 settlements. Moreover, during the years of the 12th Five-Year Plan we will have to organize the work of 22,500 stores at home in settlements where 25-50 people live. A network of enterprises will be developed which combines the functions of trade with procurements (store-procurement center) and with public catering (store-dining room). We will have to significantly increase the sale of goods on the basis of advance orders, by means of mail-order [posylochnyy] trade.

The development of trade in lumber and construction materials occupies a special place in the sphere of tasks with respect to the reorganization of the social and living conditions of the village that are being solved. The existing situation in the trade in these articles does not suit the inhabitants of the village to any degree. The people building houses not infrequently experience difficulties with the acquisition of brick, cement, and roofing. A significant number of families building houses cannot complete their finishing on time because of the lack of paint, window glass, and wall-paper for sale. There is a shortage of saw-timber of coniferous-type wood, sets of house components, electric wiring accessories and sanitary equipment products. Not everywhere do they locally make available for sale gravel, sand and building stone. The delivery of building materials acquired by rural inhabitants to their home, the acceptance of advance orders, the working up of wood and other types of services are extremely weakly developed.

Proceeding from the accumulated experience and the necessity of the fuller satisfaction of the demand, the task has been set to organize in every rural rayon the trade in lumber and construction materials. Plans call for the organization of the sale, on the basis of advance orders, to the population, of various types of timber, slate, cement, plumbing fixtures and heating equipment, varnish and paint and glue products, as well as mechanized agricultural implements, the equipment necessary for the care of cattle, poultry and small domestic animals. A list of the services has been set forth which must be given to the buyers of building materials. Among them is the delivery of the products to their home or to the construction site of the home builder, wood modification, the manufacture of frames, doors and other products, glass cutting, and consultations with specialists.

At the same time, we will have to increase our exactingness toward the suppliers and to attain a radical improvement in the assortment and quality of the wood building materials being shipped to the cooperative trade. The point is that the industry up to the present time has not been reorganized for the output of standard houses of plant manufacture and sets of components for houses of convenient lay-out, high comfort, and equipped with engineering and plumbing equipment. They continue to produce houses according to old plans, approved already before 1977.

Their low quality gives rise to quite a lot of unfavorable criticism on the part of the population. Building parts frequently arrive in the trade in bulk, without wrapping and bundle, not completed with plumbing fixtures, and without

the necessary hardware and accessories. Production defects are also encountered in such products as slate, window glass and glass blocks. The fuller supply of the demand of the population for lumber and building materials in the necessary assortment and of the appropriate quality and the increase of the responsibility of the suppliers and buyers for securing the sale of these products will be promoted by republic and inter-republic fairs for the wholesale of lumber and building materials. They must be held annually analogously to the fairs for other products.

During the years ahead, cooperative trade will have to devote greater attention to questions of providing the population with garden and kitchen garden implements, mineral fertilizer, plant protection means and other household goods necessary for the operation of private subsidiary farms and plots in garden and kitchen-garden associations. The importance of this task may be judged by the fact that the number of families in the village that have personal plots comes to 33.3 million, among urban inhabitants 5.5 million families have kitchen-garden plots and 5.2 million families--garden plots. In the 12th Five-Year Plan, 1-1.2 million plots will be allotted to garden and kitchen-garden associations as compared to 400,000 in the 11th Five-Year Plan. According to data of the USSR Statistical Administration, the land area cultivated in the individual sector comes to approximately 8 million hectares and about 20 percent of the number of domestic livestock are kept in the private management of citizens.

It should be noted that in recent years the demand for products for private subsidiary farming has begun to be satisfied more fully. In 1985 the supply of them exceeded 555 million rubles as against 140 million rubles in 1980. However, this is insufficient. For 100 families there are 0.2 units of shearer and milking machines and electric chaff-cutters each, and 10 manual chaff-cutters and 12 separators each. According to calculations, if articles for private subsidiary farming were produced in the necessary volume and assortment, their sales could come to 1.5-2 billion rubles a year.

Unfortunately, many types of manual and mechanized agricultural implements, equipment, and means of small-scale mechanization for animal husbandry and feed production are produced in a narrow assortment, of low quality, without regard to the local conditions of agricultural production. The weak organization of the repair of the existing mechanisms and the lack of spare parts are also a restraining factor. Motorized units, for example, frequently are supplied to the cooperative stores not furnished with a set of agricultural implements, without ploughs, mowers, small carts, and other appliances.

An important direction of the participation of consumer cooperatives in the solution of social and consumer questions of life in the village is the organization of trade services in places of agricultural production. We are talking about machine operators, livestock-breeders, and other categories of workers in agriculture. Significant attention is being given to the delivery of goods to field mills, pastures and farms. For the system of consumer cooperatives as a whole, about 16,000 motorstores and more than 11,000 deliveries are engaged in this. Their itineraries and schedules of departures are periodically elaborated with the directors of sovkhozes and kolkhozes and with the local Soviets of People's Deputies, depending on changes in the specific character

place of the execution of agricultural work. Motorstores not only deliver daily necessities, but also accept orders for complicated technical products and household goods.

In the article we have examined only some aspects of the participation of consumer societies in the solution of social and consumer questions of life in the village. The involvement of the inhabitants of rural localities in work in cooperative organizations and enterprises itself serves as one of the forms of the solution of the social problems of the village. Other aspects of the activity of consumer cooperatives also serve this task.

As far as the improvement of trade services for rural inhabitants is concerned, the workers in the stores must constantly raise the level of their professional skill and learn to trade actively in changing market conditions. The workers in the commercial service and the organizers of cooperative trade are required to bring all reserves into operation for the fuller supply of the rural population with needed goods and services.

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PERSONAL INCOME AND SAVINGS

ROLE OF PERSONAL SAVINGS FOR WORKER VIEWED

Kiev EKONOMIKA SOVETSKOY UKRAINY in Russian No 12, Dec 85 pp 50-55

[Article by A. Zaytsev, professor, doctor of economic sciences, Odessa: "Place and Role of Personal Savings of the Workers in the Socialist Economy"]

[Text] Among the series of problems that are linked with the functioning of the socialist economy, an important place in recent years has been acquired by the use of the workers' personal savings. Their formation by the workers and their use in the national economy touches upon an extremely broad spectrum of socioeconomic relations.

Savings exist and manifest themselves in several forms: chiefly as deposits made by the public to savings banks; savings in personal insurance policies; and savings in cash. Relative to the last-mentioned, it must be noted that not all the cash that is in the hands of the public can be considered in the full sense of the word to be savings, inasmuch as that cash also includes the so-called circulating cash in the form of the leftover amount of money intended for current payments. In the makeup of all savings, the form that predominates quantitatively is deposits, about which we have rather detailed and accurate statistics that makes it possible to analyze the growth rates, the absolute and relative amounts, the distribution by territory and categories of the public, and interrelationship with several aspects of the development of the economy as a whole. For precisely this reason, in the discussion that follows, we shall be considering primarily the deposits to savings banks, inasmuch as the second and third forms function and develop in the same direction.

Let us dwell first of all on the reasons for their formation and the continuous growth of savings. On this score, one finds in economic literature several points of view. There have been widespread attempts to link the problem of the causality of the formation of savings with individual aspects of socialist reproduction, particularly with the socialist principle of distribution according to labor, with the function of money as a means of accumulation, with the process of the rise in the level of the public's material welfare, etc. (Footnote 1) (Yeremeyev, Ye., Tkachenko, Yu., "Osnovy sberegatel'nogo dela" [Principles of Savings Management], Moscow, Finansy

1975; Belugin, Yu., "Ekonomika sberegatel'nogo dela" [Economics of Savings Management], Moscow, Finansy, 1976).

Without a doubt, like the socialist principle of distribution according to labor and like the rise in the material welfare of the workers, the functions of money have a relationship to the formation of monetary savings. However, in our opinion, one cannot consider them to be the primary cause of the formation of savings. Neither the function of money as a means of accumulation, nor the socialist principle of distribution according to labor, nor, finally, the rise in the material welfare of the people, in and of themselves, do not require anyone to have savings.

In recent years one has seen in the literature the attempt to link the process of formation of the public's monetary savings with specific reasons that are influenced by the peculiarities of the development of the socialist economy under present-day conditions, and with individual shortcomings in the planning of monetary income, in the balancing of the public's effective demand and the covering of that demand by consumer goods. In this regard one might feel that the process of savings is more random and exceptional than it is objective and completely regular. This point of view was expressed most consistently, for example, by Yu. I. Kashin. "Under the conditions of socialism, with the observance of the principle of distribution according to labor," he writes, "it is simply that the 'uncommitted' extra monetary means can be a phenomenon that is more exceptional than it is completely regular, having in mind the fact that socialism, as the first phase of communism, in the aspect that is of interest to us is characterized by the incomplete satisfaction of needs" (Footnote 2) (Kashin, Yu., I., "Sberezheniye naseleniya v SSSR" [Public's Savings in the USSR], Finansy, 1979, pp 31-37). Adherents of the "random" nature of the formation of savings give several reasons. They consider that the basic one is the unsatisfied demand, as the manifestation of unbalanced demand and personal consumption, of personal income and the covering of them by consumer goods. In addition, the consideration is also expressed that, by virtue of the specific nature of the economic status of certain categories of the public, they cannot completely use their income, and consequently extra income inevitably forms.

"When analyzing the nature of unmotivated savings," Yu. I. Kashin writes in the book that was mentioned, "what acts first of all in the purest form is their predetermination by the insufficient development of production to the amount of the newly created value to be allocated for consumer purposes." A. Khodzhayev remarks, "The lack of coincidence between wholesale and retail sale leads, on the one hand, to an increase in the volumes of unsold output, and, on the other hand, to an increase in the public's deposits to savings banks, a fact which, to a definite degree, attests to unsatisfied demand" (Footnote 3) (VOPROSY EKONOMIKI, No 9, 1976). The outwardly similar treatment of the causality of the formation of savings would seem to be logical. Actually, a person has income, but cannot find for sale the commodities that he needs. The formation of the unused extra income in this case is inevitable.

However, any kind of consumer demand possesses exceptionally large elasticity: demand that has not been satisfied for some commodities can be rapidly switched over to others. Moreover, this switching over is frequently of a

cumulative nature: the lack of one commodity in the market gives rises to surplus demand and to the purchase of others, and, thus, the shortage of certain kinds of commodities extends to others. The situation that is created is one of a kind of consumer boom, under the conditions of which, in essence, there is no place for the formation of savings. Thus, unsatisfied demand in no way can serve as the chief reason for the formation of savings. Rather, it is just the opposite: unsatisfied demand does not give rise to savings, but, rather, limits their growth. It is illogical to imagine that at the present time the public's savings are formed because, in the trade system or in the country as a whole, or in individual areas, there is a shortage, for example, of meat, sausage products, delicatessen items, etc.

Another point of view that explains the random nature of the formation of savings lies in the underdevelopment of the needs of individual categories of the public as compared with the level of the income received by them. "In the event of the underdevelopment of the public's needs..." Yu. I. Kashin writes, "savings are formed inertly, that is, without the active influence of the subject... The uncommitted balance of monetary means here is not the consequence of the realization of the individual's concrete motives, but, rather, an automatic, involuntarily formed result... The public's savings that are formed as a consequence of the fact that the level of needs is lagging behind the capabilities opened up on the part of the payment of labor are situated after the total amounts that reflect the public's unsatisfied demand" (Footnote 4) (Kashin, Yu., I., op. cit.). This point of view also appears outwardly to be convincing. Actually, there are definite categories of the public, a definite circle of people, whose needs are satisfied below those capabilities that their income creates. By way of illustrating this principle, one can cite the level of satisfaction of the needs of the public living in the areas of the Far North, in mountainous, relatively inaccessible areas, and persons working on different watch schedules. Their needs cannot be satisfied within the confines of the income that they receive. However, when one analyzes this phenomenon, it is necessary to keep in mind the fact that under present-day conditions the needs of any individual can never be oriented only to those capabilities that are afforded by the services sphere that is available to him at his place of residence or work. The person living in a rural locality satisfied a considerable number of his needs in the city. The person living in the Far North travels much more frequently to the south, and spends more money there than a person living in the south spends in the north. To determine how unreasonable it is to explain the formation of savings by the "underdevelopment" of needs, all one has to do is to imagine the situation which will develop in the event of the simultaneous increase in the personal income of those categories of the public. Will their consumption remain at the same "underdeveloped" level, or with the additional mass of income go only into the formation of savings? Obviously not: the consumption will inevitably grow, but there will also be a simultaneous increase in the share of the income being deposited in the savings banks.

What, then, is the reason for the formation of personal savings? It seems to us that all the reasons can be subdivided into the general and the specific. The general are the principal, primary, objective ones that do not depend upon the attitude that has developed toward personal savings or toward the accepted practice of savings management. The specific reasons are, on the other hand,

those reasons that are of a subjective nature. They can affect the process of formation with a different degree of intensity; some reasons can replace others; etc.

The factors that can be considered the chief reason for the formation of savings are the increase in personal income and the rise in the workers' material standard of living. In and of itself, the rise in the workers' standard of living is not so much a reason, as it is a condition for the increase in savings. However, the increase in personal income and the rise in the material standard of living are usually accompanied by a definite change in the structure of personal consumption; there is a reduction in the share of the expenses for food products, an increase in the expenses for manufactured goods and services, and in their total volume there is an increase in the share of durable goods -- television sets, refrigerators, motor vehicles, motorcycles, furniture, jewelry, etc. One can also include here the services provided by sanatoriums, rest homes, boarding homes, and institutions of foreign and domestic tourism. Since the cost of these articles and services, as a rule, is greater than the wages that are regularly received by the workers, a necessary condition for acquiring them is the accumulation of a definite amount of money. For this reason the formation of such savings occurs. Moreover, the greater the increase in the share of expensive articles in the overall volume of commodity turnover, and also the greater the increase in the share of services, the more strongly this process occurs. The increase in the production and sale of durable goods inevitably encourages the process of formation of savings. On the other hand, the formation of savings, in its turn, becomes a factor that intensifies demand, and then the production of durable goods.

Among the reasons for the formation of savings one should also mention unsatisfied demand. Its influence upon the formation of monetary accumulations must be considered in the statistical cross-section of the groups of consumer commodities, with a consideration of the nature of the commodity shortage itself that gives rise to the unsatisfied demand.

We shall include in the first group the commodities that are consumed daily and also inexpensive commodities with a longer consumption period. If any of them are temporarily or permanently not available for purchase, any customer will begin to look for a replacement. In the final analysis, the consumer expenses are not reduced, but, rather, they increase. Moreover, there exists a market trade system (the kolkhoz market) where commodities can be purchased at a higher price. This circumstance also increases the consumer's expenses as compared with what those expenses would be under normal conditions.

The situation is different with the second group -- expensive durable goods. Let us assume that a person has decided to buy a definite brand of television set but cannot find one to buy. He cannot replace it by another article of equivalent value -- for example, a refrigerator or a motorcycle. The formation of savings is inevitable here. However, it must be noted that these

savings are not large, and, as a consequence of the fact that the shortages are not constant here, they are of a clearly expressed temporary nature.

Both the general reasons and many of the specific ones attest to the fact that the formation of savings is a completely objective and regular process, and that the elimination of many shortcomings in the course of economic development which appear outwardly to be reasons for the formation of savings are actually capable of accelerating the process of their accumulation. The fact that the formation of savings is of an objective and regular nature is attested to by its rather high stability. For example, in the USSR in 1971-1981 the average annual increase in deposits to savings banks was 13.2 percent, with the maximum growth in 1974 (15 percent) and the minimum growth in 1981 (8 percent). Thus, the deviations from the average annual rates are not large.

Another question pertaining to savings which is extremely important and complicated is the question of their participation in the process of socialist reproduction, particularly in the investment process. That question appears to be complicated because savings, as accumulated income and as the private property of the people owning the savings, are rarely associated with the reproduction processes, and this pertains especially to the investment processes. But nevertheless the fact of this participation is indisputable. We shall attempt to cast light on this problem.

The process of formation of savings within the confines of each year represents the splitting of the workers' personal income, which constitutes the chief part of the national income, into several parts: consumption, accumulation, and savings. In a formalized manner this process can be represented as follows:

$$NI = CF + AF, \quad (1)$$

$$CF = C + A, \quad (2)$$

$$PI = CF + S, \quad (3)$$

$$PI = C + A + S, \quad (4)$$

where NI is national income; CF is consumption fund; AF is accumulation fund (investment fund); PI is personal income; C is consumption; A is accumulation; and S is savings.

Consumption is the simultaneous use of material blessings (food products, services, certain manufactured commodities intended for short-term use). Accumulation is the purchase of durable goods. It is linked with the formation of personal property in its physical or substantive form. Savings is that part of personal income which also becomes property, but in monetary form, rather than in physical-substantive form.

And there is something else. Personal income (PI in the left-hand side of equation 4), undoubtedly, is a component part of the national income, inasmuch as no income can be outside of the national income. But, as is well known, the entire national income is divided into two parts: the consumption fund and the accumulation fund. From the physical-substantive point of view, the part to be consumed is the consumer commodities and services. The part to be

accumulated is capital investments and the increase in working capital. Where, then, are savings located? They are not in the first part, since consumption (including the purchase of durable goods) is incompatible with the nonuse of the personal income for consumer purposes. Consequently, S (savings) is in the second part -- in the accumulation fund.

In its most general form, the mechanism of including savings in the accumulation fund lies in the following. From the personal income one deducts that part that acts in the form of deposits to savings banks. The latter, in a centralized procedure, transfer them to the State Bank. Gosbank forms from them and from other sources a loan fund, which is invested in the national economy in the form of credit investments. The latter serve as the source of capital investments and the financing of working assets which are used to form the production assets of the national economy. Thus, the savings participate as part of the credit investments of USSR Gosbank, in the investment fund, and in production assets. The extent to which this participation occurs can be seen from the data in Table 1.

Table 1

Personal Savings as Part of the Credit Investments of USSR Gosbank,
in the Investment Fund, and in the Production Funds of the
National Economy*

Year	Share of savings as part of credit investments	Share of annual increase in savings as part of investment fund	Savings with respect to production assets
1965	25.3	2.2	2.6
1970	41.6	3.1	4.6
1975	50.0	10.5	6.1
1980	56.8	9.2	7.5
1984	59.2	10.1	7.8

* Prepared on the basis of data in the annual "Narodnoye khozyaystvo SSSR. 1922-1982" [USSR National Economy: 1922-1982]. The investment fund has been assumed to be equal to the volume of the accumulation fund. Production assets are assumed to be equal to the volume of fixed assets and material working capital.

The share of savings from 1965 through 1981 increased as follows: as part of credit investments of USSR Gosbank, from 25.3 to 51.2 percent; as part of the investment fund, from 2.2 to 8.3 percent; as part of the production assets in the national economy, from 2.6 to 7.5 percent. Was that a lot or a little? Evidently it was not really a lot, although it also was not really a little, and it cannot fail to give savings some kind of importance as an investment factor.

The investment nature of personal savings means that the latter are embodied in the production assets of the national economy, including fixed production assets and working capital. Also, the greater the growth of the volume of savings, the greater (all other conditions being equal) share there proves to be for the production assets that were created and formed from savings. The investment nature of personal savings, the manifestation by them of properties of a source of accumulation of production assets, links personal savings with the entire problematics of social production and economic growth. As an investment resource, personal savings cannot fail to exert a corresponding influence upon the effectiveness of production and upon the rates of economic growth. This influence can be discerned in several basic directions. The greater the scope of the personal savings and the higher their growth rates, the greater the share of personal savings in the investment resources and the greater the volume itself of the investment fund in respect to the national income and to the volume of the functioning production assets, as well as the greater the rates of expansion of the latter. On this basis the growth rates that prove to be higher are those for gross social product, national income, and the public's personal income. But the growth of personal income as a whole and per-capita of population, as the chief manifestation of the rise in the national standard of living, acts as the chief factor in the growth of the savings themselves, and the increase in the role of the personal income to be deposited as savings. The latter, once again, act as an investment resource that promotes the accumulation of production assets and the increase of the national income and the public's personal income.

If personal savings act as an investment resource for the socialist economy that makes it possible to accelerate the rates of growth in that economy, and if they simultaneously act as a factor in increasing income and making consumption more efficient, then one would make a logical conclusion concerning the desirability of maximizing them both within the confines of each year, and in the long-term period. However, before speaking about the problems of maximizing, it would seem to be desirable to touch upon yet another aspect of savings. When one characterizes savings and their increase over the duration of a particular period, one usually employs average figures per depositor or even moreso in terms of per-capita of population. Then the figures appear to be rather impressive. A different situation develops when one changes from average figures to differentiated ones -- to the distribution of savings among the various population groups. This, for example, is the data that characterizes this aspect (see Table 2).

Table 2

Distribution of Savings Bank Depositors by Groups Depending
Upon the Size of Deposits*

Groups by size of deposits (in rubles)	Share of group in the number of depositors (in rubles)	Share of group in the total amount of deposits (in percent)	Average size of deposit in the group (in rubles)
up to 300	41.9	4.0	110
300-1000	24.4	15.8	712
1000-5000	29.8	60.9	2500
5000-10,000	2.6	16.0	6979
more than 10,000	0.3	3.3	21,850

* The grouping was prepared on the basis of data from a five-percent random study of deposits in several oblasts in the Ukraine, which encompassed approximately 180,000 deposits.

If the cited data is extrapolated to the entire adult population in the country, the following picture is obtained. The share of persons not having any deposits is 22 percent. (Actually, that share is much higher, inasmuch as many of the depositors have two or even several deposits each.) Of the remaining number, those having deposits of up to 300 rubles constitute 31 percent (41.9 percent of the number of depositors), and their share in the total amount of deposits constitutes 4 percent. Thus, these two groups in the size of the adult population constitute 53 percent, but in the total amount of deposits, 4 percent. Another group is the group of average depositors (with deposit amounts of from 300 to 1000 rubles). Their share in the size of the adult population constitutes 18 percent, but in the total amount of deposits, 15.8 percent. And, finally, the group with deposits of more than 1000 rubles. Their share in the size of the adult population constitutes 24 percent (32.7 percent of the number of depositors), but their share in the total amount of deposits is 80.2 percent.

We shall not dwell on the reasons for this phenomenon, and shall not consider the question of what categories of the population stand behind each group or how legal the large-scale and superlarge-scale savings are. Those questions fall outside the framework of this article. But, irrespective of the reasons, this distribution of savings does not correspond in any way to the distribution and differentiation of personal income, including wages, among the indicated groups of the population. The situation is aggravated even more by the fact that this inequality not only is not lessening, but is becoming

more intense. That is why, when posing the question of maximizing the growth of savings, one cannot fail to take this factor into consideration.

What paths exist for maximizing the increase in savings?

One of the important directions in improving savings management is the complete changeover of the enterprises and organizations in the national economy to the payment of wages through savings banks. The effectiveness of this changeover is confirmed by the work experience of many enterprises, as has been frequently mentioned in the press. However, the extension of the practice of paying wages through savings banks is being carried out extremely slowly, and in recent years, practically speaking, has been brought to a standstill. The reasons for this lie in several circumstances. The persons who could use the services of savings banks in order to receive their wages do not sense any benefits from doing so. The wages do not become larger in any way. But the disadvantages that they sense are rather obvious: the wages are paid to them three or four days later than usual; it is necessary to stand in line to receive one's wages, and frequently it is for long periods of time and among strangers. Many enterprises, for purposes of simplifying computation, change over to the paying of wages once a month, instead of twice as in the usual procedure. This also is not very acceptable by many people. Payment of wages through savings banks proves to be especially disadvantageous for workers and employees who are in the medium and low wage categories.

It seems to us that the problem of converting to payment of wages through the savings bank can be resolved if one keeps in mind several economic-organizational factors. First, the deposit for payment of wages must be put into an independent category of deposits, if only because that kind of deposit is opened not for the purpose of keeping money, but for the purpose of paying wages. The fact of keeping money is important, but it must nevertheless be kept in second place. Secondly, major enterprises must be offered the opportunity to organize their own savings banks. These banks can be organized at enterprises employing 2000-2500 persons or more, at the rate of three or four persons on the table of organization for every 1000 workers. They will function like ordinary banks, but will be maintained entirely at the expense of the enterprise. They will carry out the complete set of operations involved in the paying of wages to the entire contingent of workers and employees at the particular enterprise. Thirdly, it would seem to be desirable to introduce, for deposits intended for the payment of wages, an increased percentage of income yield as compared with the usual deposits that are payable on demand. That interest can be at the level of 3-4 percent, or even 5 percent. The importance of this measure can be very large. With the aid of the increased interest it is possible to create a self-interestedness on the part of the workers and employees in receiving their wages specifically through the savings banks, and to compensate for certain of the inconveniences that will be created by the payment of wages through the savings banks and that are expressed in the fact that the payment will inevitably be carried out two or three days later than in the usual procedure of payment through the enterprise banks. Finally, the increased interest will guarantee the corresponding settling and accumulation of the wages in the accounts, and this, undoubtedly, will increase the role of wages both in the system of the

workers' monetary income and in the system of factors for exerting an influence upon the effectiveness of production.

In addition to excision of deposits for payment and accumulation of wages, a factor that can be of great importance for maximizing the influx of savings, and especially for creating the conditions for their more even distribution among the population, is the creation of a special system of catching small savings and income. In our opinion, this problem can be resolved by the aid of the so-called limit deposits. By limit deposit we understand a deposit made in the name of a definite individual for an amount of money that does not exceed the established limit. The limit for the deposit must be an amount that could be accessible for every individual, irrespective of his age, the size of the income he receives, etc. Proceeding from the situation which has developed at the present time relative to the average level of wages and the size of other personal income, the most acceptable amount of money for the limit on this kind of deposit is 400-500 rubles, that is, approximately a person's wages for 3 or 4 months. In this instance, the limit deposit will be accessible for all persons receiving income, including pensions, stipends, etc. In this amount, the limit deposit will be accessible for parents to open up such a deposit in the name of minor children.

As for the level of income yield on this kind of deposit, from the point of view of achieving the goal that is being set for it (the catching of small-scale savings, the creation of a self-interestedness in savings on the part of individuals with small and medium income), it is possible to propose a level of income yield in the amount of 10 percent annual interest. Obviously this is with the mandatory condition that only one such deposit can be opened up for any one person.

One can express a rather large number of doubts relative to the desirability and possible effectiveness of such deposits. First, won't this cause excessive fractionalization of the already existing large-scale deposits? Won't this cause the complication of the work performed by the savings banks? Secondly, is it actually true that these deposits will become sufficiently widespread among the mass population? Thirdly, won't the expenses that are linked with the computation and payment of the interest on these deposits prove to be excessively large?

We shall attempt to answer these questions. As for the fractionalization of deposits, it will not be as large a problem as may appear at first glance. At first there will actually be a mass opening of deposits. But as the number of deposits approaches the total size of the population within the confines of each region, the process of opening of deposits will abate. Even moreso, the limit deposits opened up for each depositor only as a single transaction, as the most profitably deposits, inevitably accumulate within themselves many small-scale deposits. For this reason the increase in the number of limit accounts will be accompanied by a limitation of the number of deposits which are payable on demand. As for the degree of the possible wide spread of these deposits among the population, one can assert with a sufficient degree of certainty that in a period of, say, 3-5 years, nine-tenths of the entire population in the country will open limit deposits, and this will produce an annual influx of savings in that type of deposits in the total amount of 20-30

billion rubles. Naturally, some part of that amount will prove to be previously accumulated savings in the form of cash and deposits, but, nevertheless, the overwhelming part will prove to be new savings that have been deducted from the current monetary income. But as for the high norm of income yield, at first glance 10 percent is actually a high norm as compared with the 2-3 percent that is currently employed today. However, it must be understood that if we are talking about the creation of advantages that the depositors of small-scale deposits have over depositors of large-scale deposits, there can be no other path than the creation of their high self-interestedness in the formation of savings. In addition, if the interest amounts that are computed annually, in essence, are not paid, for the overwhelming part they will be used to increase the total amount of this kind of deposits. For purposes of information, it should be noted that in our country, prior to the middle of 1936, the rate for fixed-period deposits was 9 percent (8 percent for ordinary deposits payable on demand) and nothing terrible occurred.

As a whole the introduction of interest of 5 percent on wages and interest of 10 percent on limit deposits will make it possible, on the one hand, to maximize substantially the influx of savings, to lessen the unevenness of their distribution among the population, and, on the other hand, to increase their role as an investment resource of the socialist economy and to intensify a positive influence upon increasing the efficiency of personal consumption, upon the effectiveness of production, and upon economic growth.

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FOOD PROCESSING AND DISTRIBUTION

STRUCTURAL ELEMENTS OF INTRAVILLAGE MARKET VIEWED

Moscow SOVETSKAYA TORGOVLYA in Russian No 3, Mar 86, pp 36-37

[Article by Candidate of Economic Sciences Yu. Narkunene, Vilnius: "The Intravillage Market"]

[Text] In the economic literature most writers point out that the kolkhoz trade system in our nation embraces extra- and intravillage circulation of agricultural products. There is no single opinion on the nature and the composition of the extra-and intravillage markets, however.

In the opinion of certain economists, the extravillage kolkhoz market consists only of kolkhoz-market trade. Others include in this market consumer cooperative sales of agricultural products purchased at agreed-upon prices or taken on commission.

When we discuss the intravillage market, we should single out two main elements. In the first place, we should define the composition of the market. In the second place, we should determine whether the entire intravillage market or some of it is a part of kolkhoz trade.

Despite a certain difference of opinion about the composition of the intravillage market, in the opinion of most economists the concept "intravillage market" refers to a system of money-exchange relations: 1. among individual kolkhozes (interkolkhoz trade); 2. between kolkhozes and kolkhoz workers (intrakolkhoz trade); and 3. among individual kolkhoz workers, as well as between kolkhoz workers and other groups of the population (trade among individuals in the rural area).

This definition of the composition of the intravillage market still does not adequately reflect its substance, in our opinion, since it omits such participants as the sovkhozes and other state enterprises.

We should consider the intravillage market primarily as a market in general and proceed from a definition of it. A market can be defined as a system of economic relations between producers and consumers involving the buying and selling of the products of labor and intermediated by money-exchange relationships. The socialist market exists and develops in two main forms: the market for individual goods (clothing, food, durable goods, and so forth) and regional markets (rayon, city, republic, national).

As a part of the regional market in the rural area, the intravillage market embraces the circulation of agricultural products which are both items of popular consumption and objects of production, regardless of how that commodity circulation is accomplished: with or without a change in the form of ownership. Not just kolkhozes and individuals (kolkhoz workers and members of other groups of the population) operate in this market, but also sovkhozes and other state farms. Interfarm enterprises and organizations are undergoing extensive development in agriculture. The nation had a total of 10,100 interfarm agricultural enterprises at the beginning of 1985. This expands the content of the entire intravillage market and at the same time alters the content and the denomination of its components. With these changes in mind, in our opinion, the intravillage market embraces the following: 1. interfarm trade (sovkhоз-sovkhoz, sovkhoz-kolkhoz, sovkhoz-interfarm enterprise, kolkhoz-kolkhoz, kolkhoz-sovkhoz, kolkhoz-interfarm enterprise, interfarm enterprise-kolkhoz); 2. intrafarm trade (farm-public and public-farm); and 3. trade among individuals in the rural area.

The volume of commodity circulation for the entire intravillage market and for its component parts can be calculated using balance data for the production and distribution of individual agricultural products compiled on the basis of the annual kolkhoz and sovkhoz reports, as well as data from budgetary surveys.

According to data from the LiSSR Central Statistical Administration, the intravillage market in the LiSSR has consistently high rates of circulation growth for the entire market and particularly for interfarm and intrafarm trade. Total circulation for the intravillage market was 16.5 times greater in 1984 than in 1965, reaching 683,350,000 rubles. Commodity turnover for intrafarm trade developed most rapidly (increasing 40-fold during the period 1965-1984) and interfarm trade (with an increase of 29.7-fold). An increase in the sale of products to the public by the farms since establishing wages for the kolkhoz workers, and high rates of growth for the sale of products and young livestock to the farms by kolkhoz workers, blue- and white-collar workers are important features of the development of commodity circulation in intrafarm trade.

The increase in procurement prices and the establishment of price supplements on 1 January 1983 in accordance with decisions of the May 1982 Plenum of the CPSU Central Committee have had a positive effect upon the growth of commodity circulation in intrafarm trade and the entire intravillage market. Agricultural products purchased from the population began to be included in the overall volume of state procurement effected by the farms. This helped to increase the procurement of products from the personal plots of the population.

The essence of kolkhoz trade is reflected most fully in the way commodity stocks are formed and the way prices are set. In our opinion, this should be the starting point for designating this or that type of sale of agricultural products as kolkhoz trade.

In order to determine whether all intravillage trade or a part of it should be designated as kolkhoz trade, we need to consider how the sales and purchases are made and the prices at which goods are sold in the given market. A study of intravillage commodity circulation in general has shown that its structure is not homogeneous, that it includes both items of consumption and means of production.

We know that in certain cases the sale of means of production to the public is included with complete justification in the retail commodity circulation of state and cooperative trade (the sale of knitting machines, implements and so forth, for example). It is therefore valid in kolkhoz trade to consider the sale of means of production (fodder, young animals and so forth) to the public as part of the commodity circulation in kolkhoz trade, since the products sold are designated to directly serve personal consumption or to create the conditions for this.

The situation is different when the means of production are sold to a socialist enterprise (a kolkhoz or sovkhoz), regardless of who is the seller--the rural population or another agricultural enterprise. This kind of turnover can be considered as trade (in the broad sense of the word), but it cannot be called kolkhoz trade because it involves a different price-setting procedure. The development of cooperation and specialization of agriculture has greatly expanded the base of monetary-exchange relations in the rural area, but this in no way indicates that kolkhoz trade is developing. Interfarm trade is where means of production--livestock, grain, feed and other items--are sold. The sale of livestock dominates in the commodity turnover. Prices for products in interfarm trade are set by agreement of the parties and not under the influence of supply and demand as in the kolkhoz market. Consequently, this type of intravillage market cannot be considered as kolkhoz trade.

The development of intrafarm trade (farms-public and public-farms) is closely linked to the growth of kolkhoz production, the establishment of wages for kolkhoz workers and the reduction in the portion accounted for by payments in kind. When the farms sell products to the public (mainly kolkhozes selling to kolkhoz workers), the kolkhoz workers are thereby provided with products from the public economy. The public economy of the kolkhozes is the seller in this market. Consequently, in the turnover process the product leaves the collective ownership of the kolkhoz and goes into the personal ownership of its members. Agricultural products are sold in this case, the quantity and assortment of which are determined in advance and designated for sale to the kolkhoz workers out of their wages. The prices of the products are not shaped by supply and demand, but are set by the kolkhozes themselves, taking into account their production cost on the given kolkhoz, the size of the kolkhoz workers' wages, the level of procurement prices for corresponding agricultural products, and a number of other specific factors and conditions.

The sovkhozes are also authorized to sell the products of their animal husbandry and cropping operation to their blue- and white-collar workers. Livestock products are sold at state retail prices, while cropping products are sold on the basis of a planned production cost.

Another type of intrafarm trade is the sale of young animals to kolkhozes and sovkhozes by kolkhoz workers, blue- and white-collar workers to be raised further and fattened, as well as the sale of feed, potatoes, annual and perennial grass seed used for the farm's production needs.

This shows that prices are shaped in a different way in intrafarm trade than on the kolkhoz market. There is therefore no basis for including intrafarm and interkolkhoz trade as kolkhoz trade.

It is a different situation with respect to trade among individual citizens in the rural area. Products are bought and sold at prices in effect on the nearest kolkhoz market--that is, prices shaped by supply and demand. Furthermore, any citizen can be the purchaser (there is no restriction as on the sale of products by kolkhozes to their members, for example). There is direct contact between the producer of the product and its purchaser, who is in most cases also the consumer.

The range of agricultural products sold by citizens to other citizens in the rural area is very diverse and includes mainly products for personal consumption. The sale of young animals is insignificant here. Agencies of the Central Statistical Administration calculate commodity turnover for this type of intravillage market on the basis of data from budgetary studies. These data are not precise, of course, but they are adequate for gaining an idea of its volume and structure, its correlation to other types of intravillage market, and trends in its development.

The way prices are set for this type of intravillage trade, in our opinion, permits us to include it as kolkhoz trade. It must be noted that trade among individuals in the rural area is the least developed type of kolkhoz trade, and it will undoubtedly gradually taper off.

And so, it follows from what we have said that only one component of the intravillage market--trade among individuals--and not the entire intravillage market, can be included as kolkhoz trade. The term "intravillage market" is applicable only when referring to regional markets. Only one component of this market should be used when referring to kolkhoz trade.

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